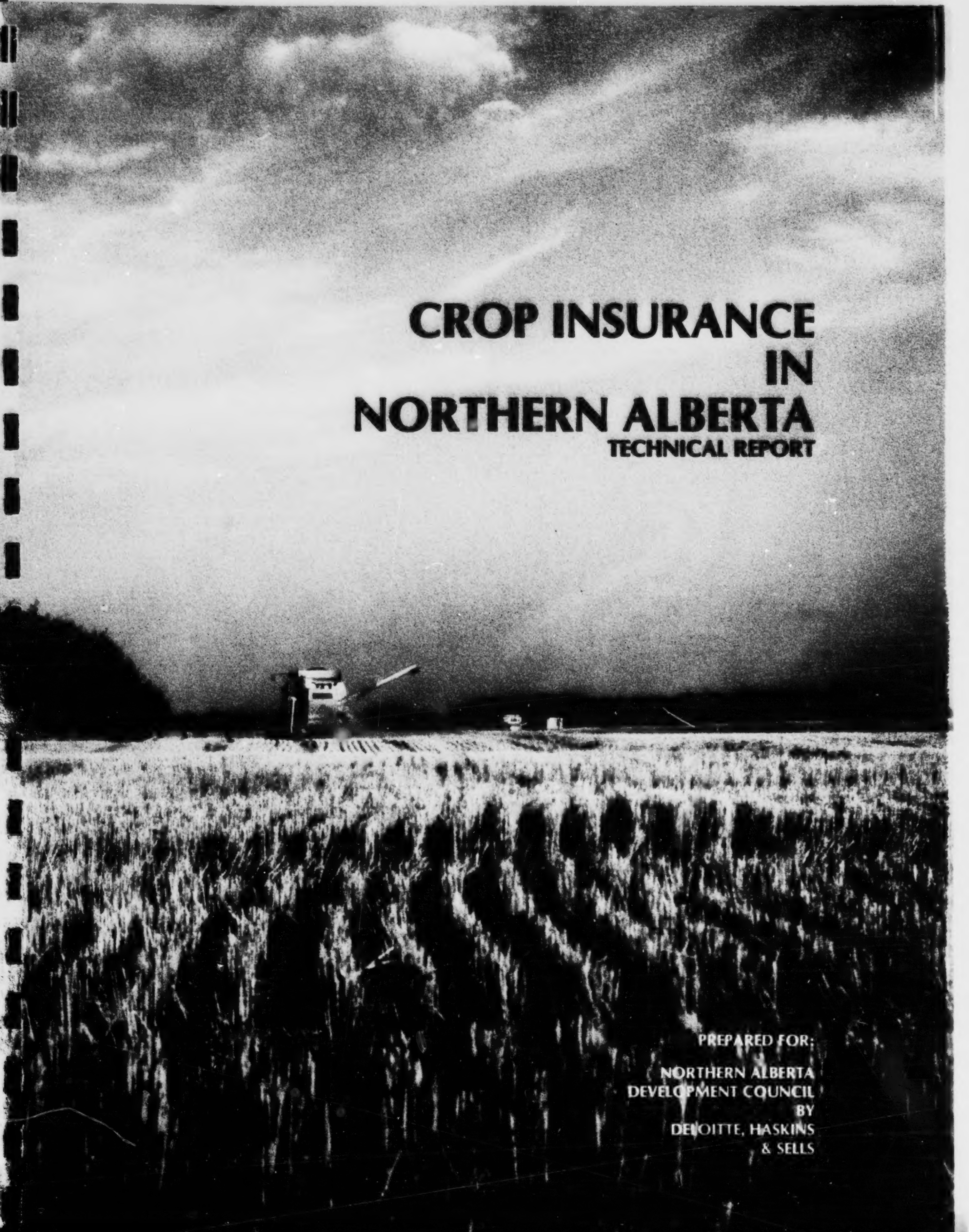

CROP INSURANCE
IN
NORTHERN ALBERTA

TECHNICAL REPORT

PREPARED FOR:

NORTHERN ALBERTA
DEVELOPMENT COUNCIL
BY
DELOITTE, HASKINS
& SELLS

CROP INSURANCE
IN
NORTHERN ALBERTA
- TECHNICAL REPORT -

Prepared For:
NORTHERN ALBERTA
DEVELOPMENT COUNCIL

By:
DELOITTE HASKINS &
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June, 1986

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July 16, 1986

Dr. Bob Elliott, Chairman
Northern Alberta Development Council
Bag 900-14
Peace River, Alberta TOH 2X0

Dear Dr. Elliott:

The attached study, entitled "Crop Insurance in Northern Alberta - Technical Report", was recently completed for the Northern Alberta Development Council. The research was carried out with respect to three main objectives:

- to review comparable existing programs in other areas of Canada and the U.S.A. and related crop insurance research.
- to undertake a comprehensive survey of northern farmers, Alberta government and agricultural industry professionals to obtain insights into strengths/weaknesses of the existing program and provide recommendations for improvements.
- to complete a benefit/cost analysis of the current Alberta Hail and Crop Insurance Program as it affects farmers in the NADC area.

The major sections of the study include a review of Canadian and U.S.A. Crop Insurance Programs, questionnaire results of producers and industry professionals in Northern Alberta, economic analysis of crop insurance, and a summary and conclusions.

Yours truly,
DELOITTE HASKINS & SELLS ASSOCIATES

Deloitte Haskins + Sells Associates

/pl

Enclosure

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I INTRODUCTION

Alberta farmers are presently experiencing major income problems due to poor and highly variable crop yields in addition to unstable prices and markets for the major traded agricultural commodities. Production problems of farmers are highly related to weather variation. Weather-related damages alone cost the Alberta agriculture sector hundreds of millions of dollars every year, especially in the past three years.

To offset the uncertainty and reduce the risks of crop failure associated with unfavourable environmental conditions, many farmers subscribe to the Alberta Hail and Crop Insurance Program (AHCI). Several changes to the Program have been instituted for 1986, including: new assessments on soil classification in several counties; changes in the individual coverage; movement of the hail expiry date from October 15 to October 31; protection against loss of feed supplies; and coverage for land summerfallowed by means of chemicals or a combination of chemicals and tillage.

Northern Alberta, defined as the Northern Alberta Development Council area, is a vast region of the province with tremendous variations in soil, climate and topography, and provides its producers with an ongoing challenge to manage viable farms. The area encompasses over 12,000 farms, or over 20% of the agricultural holdings in Alberta. Similarly, it constitutes almost 8.5 million acres of farmland, representing 18% of Alberta's total agricultural land base. The northern agriculture industry faces unique characteristics and needs. The Northern Alberta Development Council (NADC) has been designated as the body to assist the provincial government in coordinating and promoting northern Alberta economic growth, of which agriculture is a vital component. The NADC has clearly been active in this role, undertaking numerous research studies responding to concerns of the residents.

Northern farmers have expressed concerns that changes made to the Alberta Hail and Crop Insurance Program should more accurately reflect their needs. Public hearings will be held regarding the Alberta Hail and Crop Insurance Program in the fall of 1986. It is therefore imperative that the NADC put forth the position that northern farmers would like to see established in policy.

The Northern Alberta Development Council struck a working study Steering Committee to oversee the project. The Committee was composed of producers representing various northern districts and was instrumental in reviewing and commenting on research methodologies. The Steering Committee consisted of:

Mr. Eugene Dextrase, Councillor, Northern Alberta Development Council, High Level

Mr. Ted Sonntag, Councillor, Northern Alberta Development Council, Hotchkiss

Mr. John Krall, Representative from Agricultural Service Boards, Nampa

Mr. Walter Doll, Representative of MD and Counties Association, Fairview

Mr. Ed Pawluski, Representative of Improvement Districts, Eaglesham

Mr. Ed Persely, Producer, Bonnyville

Mr. Brian Sawatzky, District Agriculturist, Peace River

Ms. Linda Beltrano, Senior Northern Development Officer, Northern Development Branch

Mr. Gerry Archibald, Director Research & Analysis, Northern Development Branch.

Based on a written request from the NADC to review the Alberta Hail and Crop Insurance Program in relation to the northern farmers' needs, this study was prepared by Deloitte Haskins & Sells Associates. The objectives, scope and methodology outlined in Chapter II address the terms of reference set out by the NADC and the approach utilized to meet these needs.

II OBJECTIVES, SCOPE AND METHODOLOGY

Objectives and Scope

Based on the terms of reference and a discussion with members of the Steering Committee, three primary objectives were interpreted:

- to review comparable existing programs in other areas of Canada and the U.S.A. and related crop insurance research.
- to undertake a comprehensive survey of northern farmers, Alberta government and agricultural industry professionals to obtain insights into strengths/weaknesses of the existing program and provide recommendations for improvements.
- to make a benefit/cost analysis of the current Alberta Hail and Crop Insurance Program as it affects farmers in the NADC area.

To meet the general study objective of how well the present program serves the NADC area farmers, a review of three separate components was necessary. First, comparable hail and crop insurance programs were examined to identify alternatives that could be applied to the Alberta program. Second, the attitudes of farmers and industry professionals in the north towards hail and crop insurance were gathered and reported to highlight program user concerns. The study focused on circumstances specific to farmers in the NADC area with regard to the existing AHCI program and how their needs could be more effectively met through changes to this program. Third, the economic benefits flowing to northern farmers from purchasing hail and crop insurance and the effects of crop insurance on farm viability were examined.

The scope of the study was limited to primary information gathering within the NADC area by holding 14 focus-group meetings at the following locations - Valleyview, Beaverlodge, Manning, Hawk Hills, Falher (2 meetings) Spirit River, Fairview, Fort Vermilion, Grande Prairie, Athabasca (2 meetings), St.Paul and Bonnyville. In addition, contact was made with government and industry officials in Alberta and other provinces. The consultants analyzed the program payments and farm situations in the NADC region for the period of 1981 through 1985 to allow for a balanced view and to provide a trend analysis of the region.

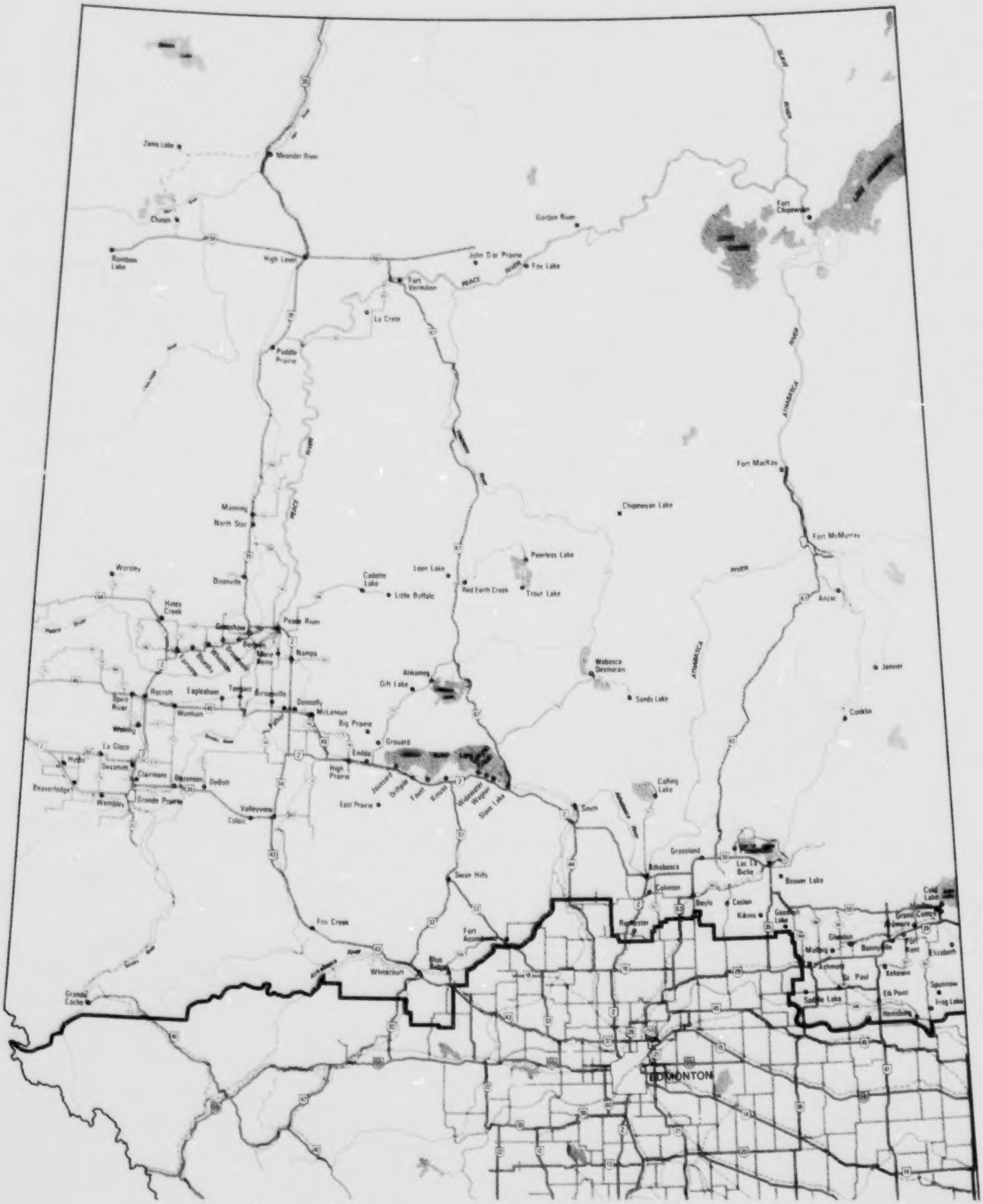
Methodology and Data Sources

The basic study approach was to gather data at two different levels. Five main sources of data were used for the study: in-person farm interviews, group meetings, agricultural industry professionals, related secondary studies and reports, and the consultants' expertise. At a micro-level, both factual and perceptive information was obtained from individual producers and agri-industry people. Macro-level information was gathered and generated with respect to crop insurance payouts, premiums and economic data used to design case scenarios for the NADC area. Map 1, on the following page, outlines the NADC area.

To obtain detailed information at the farm level, and to acquire the attitudes of farmers towards the Alberta Hail and Crop Insurance Program, a survey of 157 farmers in the NADC area of Alberta was carried out. Producers were surveyed through both on-farm visits and focus-group meetings.

A detailed questionnaire was designed to obtain information on: the farmer's general background and production unit, involvement with hail and crop insurance programs, past insurance claims, and general attitudes towards hail and crop insurance and options available. This questionnaire consisted of a combination of both specific and open-ended questions designed to yield farm background data and farmer perceptions. An addendum to the main questionnaire was designed which listed 29 specific hail and crop insurance issues that may not have been covered initially. Producers were asked to rank these issues.

Farmers were initially chosen to be interviewed through a master list of producers in the NADC area to provide group diversity. However, this was supplemented by inviting producers who were considered by local Alberta Agriculture and Farm Credit Corporation staff to have a


Zama Lake
Meander River
Chateh
Rainbow Lake
High Level
John D'or Prairie
Fox Lake
Garden River
Fort Chipewyan
Fort Vermilion
La Crete
Paddle Prairie
PEACE RIVER
SLAVE RIVER
ATHABASCA RIVER
Fort MacKay
Fort McMurray
Anzac
Janvier
Conklin
Chipewyan Lake
Peerless Lake
Trout Lake
Loon Lake
Red Earth Creek
Cadotte Lake
Little Buffalo
Manning
North Star
Dixonville
Worsley
Hines Creek
Fairview
Grimshaw
Berwyn
Peace River
Nampa
Atikameg
Gift Lake
Wabasca Desmarais
Sandy Lake
Calling Lake
Rycroft
Spirit River
Eaglesham
Tangent
Girouxville
Donnelly
McLennan
Falher
Wembley
Big Prairie
Grouard
Enilda
High Prairie
La Glace
Hythe
Beaverlodge
Clairmont
Sexsmith
Grande Prairie
DeBolt
Valleyview
East Prairie
Joussard
Faust
Kinuso
Widewater
Slave Lake
Smith
Swan Hills
Fox Creek
Whitecourt
Fort Assiniboine
Grande Cache
Athabasca
Grassland
Lac La Biche
Beaver Lake
Boyle
Caslan
Kikino
Goodfish Lake
Cold Lake
Grand Centre
Fort Kent
Bonnyville
Glendon
Mallaig
Ashmont
St. Paul
Elizabeth
Kehewin
Elk Point
Saddle Lake
Frog Lake
EDMONTON
km 10 0 10 20 30 40 50 60 70 km
miles 10 0 10 20 30 40 50 miles

NORTHERN ALBERTA DEVELOPMENT COUNCIL AREA

COMMUNITIES WITH POPULATION OVER 75 (1981 CANADA CENSUS)

PRIMARY HIGHWAY SECONDARY ROAD L.O.C. ROAD RAILWAY

PRODUCED BY THE ALBERTA BUREAU OF SURVEYING AND MAPPING © 1985

keen interest in crop insurance issues in Northern Alberta. Letters had been sent out in advance to District Agriculturists, Alberta Agricultural Development Corporation Loans Officers and Farm Credit Corporation Credit Advisors asking them to notify us of any farmers interested in participating in the study. News releases about the study were also prepared and published in newspapers throughout the NADC areas. Twenty-two on-farm interviews were carried out, with farmers completing a questionnaire and voicing any general comments or concerns. The 14 focus-group workshops went beyond, with two-fold results: complete information was provided at the individual farm level, and opportunity was provided to reach a group consensus ranking of program needs and issues at each meeting.

The completed producer questionnaires were coded and entered into an in-house computer for analysis. Written comments supplementing particular questions were listed and ranked, where possible, by frequency of occurrence.

Twenty-three industry professionals were also surveyed through the use of an additional questionnaire. This additional survey was intended to get feedback on the existing hail and crop insurance program from individuals in farm-advisory roles but not affiliated with the Alberta Hail and Crop Insurance Corporation. Regional AHCIC offices were informed about the study and its purpose.

To supplement the primary information, the study used information regarding crop insurance and crop production data for Alberta, neighbouring provinces and the U.S.A. Sources included: Alberta Hail and Crop Insurance Corporation, British Columbia, Saskatchewan, Manitoba and U.S.A. crop insurance offices, Agriculture Canada, Statistics Canada, Provincial Departments of Agriculture and the United States Department of Agriculture. We acknowledge all of the above organizations for their assistance and cooperation in this study.

All of the information obtained, through personal interviews, focus group meetings and secondary data collection, was reviewed and interpreted by the study team with primary focus on the three study objectives. The findings and results are reported throughout the balance of this study.

III CROP INSURANCE IN CANADA AND THE U.S.A.

A brief review of crop insurance programs in four provinces of Canada and the general U.S.A. program is given below to assist the reader in the background and coverage offered by each program.

Crop insurance has a long history in Canada. It was first investigated by private insurance companies as early as 1920 when the Hartford Insurance Company carried out a feasibility study of crop insurance in Saskatchewan. After this initial investigation, which was hampered by limited yield data, the company decided to withdraw from its endeavors into crop insurance. In 1921, another private company, the Home Insurance Company, offered coverage in the three prairie provinces. The company terminated the scheme after losing substantial amounts of money.

No further steps were taken toward establishing a Crop Insurance Program until the early 1930s when severe drought conditions re-emphasized the need for such a program. Independent committees were set up in 1935 in Saskatchewan and Alberta to investigate the feasibility of crop insurance in those provinces. In the 1939-1940 crop year, the Prairie Farm Assistance Act, administered by the Federal government, was enacted.

Further studies in Manitoba and Saskatchewan indicated the need for Federal government involvement to ensure adequate financial backing for individual provinces undertaking all-risk crop insurance programs. These findings culminated in the passage of the Federal Crop Insurance Act of 1959.

The Crop Insurance Act and Regulations of 1959, and subsequent revisions (1964, 1966, 1968 and 1973), provide the present legislative basis for the program. As well, each province operates under its own Act and Regulations and has control over several aspects of the program. Under the Federal Act, the Canadian government provides funding of 50% of the necessary total premium, if the province pays all of the administration costs, or 25% of the premium and half of the province's administration costs. The Act also provides for the sharing of risk by way of loans or re-insurance. The specific terms and conditions of the Crop Insurance program are negotiated with each province and are documented by written Federal/Provincial agreements.

Although there are minor program variations by province and by crop types, the general objective of the Crop Insurance Program is to stabilize an individual farmer's income by providing financial protection against production losses due to uncontrollable natural occurrences such as drought, insects and frost.

The main principles set out by the Federal government are: that Provincial programs be legal, based on an individual production unit basis, affordable by a majority of producers, administratively feasible, and have universal and equitable benefits.

Provincial Programs

A brief description of the Crop Insurance Programs offered in the four western Canadian provinces follows.

Alberta The Canada-Alberta Crop Insurance Program was initiated in 1965 with 1,250 participating farmers in that year. Prior to that, only hail insurance was available to farmers through the Alberta Hail Insurance Board and private companies. In 1985, 23,433 of the province's 56,700* (41%) farmers were insured under the Program, and 60 to 65% of the total seeded acreage was covered. The total liability for 1985 amounted to $871 million under the Basic Program and $13 million under Hay and Pasture coverage, for a grand total of $884 million.

The government of Canada currently contributes 50% of the total premiums required each year. The premiums in 1985 were comprised of $54.5 million paid by farmers, $58.9 million paid by the federal government and $4.4 million paid by the provincial government. Benefits paid out in 1985 to the insured Alberta farmers totalled more than $275 million. The government of Alberta pays 100% of the administrative costs incurred by the Alberta Hail and Crop Insurance Corporation (AHCIC), which amounted to $11.6 million in 1985.

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* Based on the latest 1984 estimate of census farms in Alberta.

The 18 insurable crops and products in Alberta include:

- oats
- rye (spring, fall)
- pedigreed seed (cereals, oilseeds, alfalfa, fescue)
- wheat (spring, winter, utility, durum, soft white)
- mixed grain
- grain corn
- rapeseed
- flaxseed
- dry beans
- sunflowers
- sugar beets
- barley
- mustard
- seed peas
- canning crops
- potatoes
- alfalfa for processing
- honey.

Livestock feed supplies and hay crops can also be protected with the Livestock Feed Security Program although this program only applies to Southern and Central Alberta.

The honey insurance program bases coverage on either 70 or 80% of average production. A producer must have a minimum of 200 hives to qualify and application must be made no later than April 30.

All-Risk Crop Insurance coverage is based on either 60 or 70% of the average long-term yield for each of the 14 designated Risk Areas. There are two price options available - high and low. In setting rates and coverages for the individual policyholder, the Program also uses a coverage adjustment system. It relates an individual's crop insurance to that farm's actual claim experience rather than to that of the whole district. If no claims are made, a Good Experience Discount adjusts the premium down and increases the coverage, conversely, if losses are incurred, the premiums increase and coverage levels decrease.

Hail insurance can be purchased as a rider to the All-Risk plan or separately through the AHCIC. In addition, eight private companies are licensed to sell insurance to Alberta farmers.

An Individual Coverage Plan is also available whereby a producer builds his own level of coverage based on his actual yields rather than on area averages. Individual coverage must be applied for prior to October 31 for the following year.

The Canada-Alberta Crop Insurance Program offers several other features including:

- Pedigreed seed - cereal and oilseed crops. Pedigreed alfalfa seed grown on irrigated land and creeping red fescue (in the Peace River area) may be insured.
- Unseeded acreage coverage - inability to seed due to wet conditions. This provision pays $20 per acre (subject to coverage adjustment and a 10% deductible).
- Reseeding benefit - reseeding due to crusting, wind or frost damage can be covered at $12 per acre.
- Unharvested acreage - claims on insurance can be made if harvesting cannot be completed prior to the onset of winter. Unharvested acreage must be reported as at November 30.
- High risk subsidy - lowers premiums in areas where crop damage risks are above average.
- Spot-loss hail protection.
- Premium discount of 5 to 15% if 300 or more acres are insured.

Six new features have been introduced for 1986. These include:

- New crops - sweet corn, cabbage, rutabagas, carrots and onions grown on irrigated land and dryland.
- Price options - a reduction in the high price options for barley, oats and spring rye.
- Hail endorsement - expiry date is changed from October 15 to October 31.

- Summerfallow - land summerfallowed by means of chemicals, or a combination of chemicals and tillage, will be eligible for summerfallow coverage.
- Soil classification - new assessments in four counties.
- Livestock Feed Security - a new program to replace Hay and Pasture Insurance. Insures feed and forage supplies in cases of drought in southern and central Alberta.

The deadline for applying to the Program is April 30; spring crops must be seeded and reported by June 20; and claims should be filed 15 days after harvest.

Saskatchewan The Canada-Saskatchewan Crop Insurance Program (SCIP) has been in existence since 1961. In 1985, about 21 out of 29 million acres of cropland (72%) and 47,000 of the province's 66,000 farmers (71%) were insured. Payouts in that year totalled almost $375 million. The government of Canada contributes 50% of the total yearly premium, while the government of Saskatchewan contributes all of the administration costs. The Federal contribution amounted to $76.7 million in 1985, and the provincial contribution came to approximately $8.6 million. Total liability for 1985 amounted to $1.53 billion. The SCIP is administered by the Saskatchewan Crop Insurance Corporation, via 32 offices throughout the province.

The 20 insurable crops and products include:

- hard red spring wheat
- durum wheat
- utility wheat
- soft white spring wheat
- winter wheat
- barley
- oats
- spring rye
- fall rye
- triticale
- flax
- canola
- sunflower
- mustard
- field peas
- lentils
- fababeans
- canary seed
- sweet clover
- honey.

Final seeding dates are June 20 for most crops and September 25 for fall rye and winter wheat.

The province is divided into 23 separate risk areas to establish Area Coverage. Insurable crop coverages and premium rates are established according to a crop's yield history and the risks specific to each area. A soil productivity index is established to reflect productive capability in the coverage level. Higher coverage is offered on summerfallow crops than on stubble crops, and crops grown under irrigation receive increased coverages and reduced rates. Premium rates are calculated for each crop in each risk area by using the crop's insurance history and yield variability over the most recent 25 years. Coverage is based on the most recent 15 year average yields. Coverage options of 60 or 70% of the risk area average yield are available for each insurable crop under the Area Coverage option. Two price options are available for each insurable crop.

A coverage adjustment feature is available under the Area Coverage to relate coverages more closely to the actual yield on an individual farm. Coverage will move upward or downward from the basic level according to an individual's accumulated Crop Insurance experience.

An Individual Coverage option was added to the SCIP in 1985 to allow producers to utilize their own actual average yields instead of area average yields. Coverage is based on 80% of the producer's 10 year average yield. When Individual Coverage is selected, it must apply to all crops insured for that particular producer.

Other features of the Individual Coverage option include:

- soil ratings are utilized
- higher coverage on summerfallow than stubble
- reduced premium rates for irrigated crops
- two price options
- higher price options for pedigreed seed production
- unseeded acreage insurance, reseeding benefit, establishment benefit and spot-loss hail insurance are available

- premiums are 10-20% higher than under Area Coverage
- experience discount.

Insurance coverage for honey production is available at coverage levels of 60, 70 or 80% of the producer's own ten year average yield per hive. Applicants must be registered Beekeepers under the Apiaries Act and operate at least 200 hives.

The pedigreed seed option offers higher price options for all insurable crops except sweet clover. Acres of a crop grown for pedigreed seed are insurable separate from acres of the same crop grown for commercial seed. Growers must be members of the Canadian Seed Growers Association.

Winter wheat and fall rye are insurable if application is made by August 25 and seeding is complete by September 25. To qualify for coverage, winter wheat must meet the following criteria:

- the original crop must have been seeded into undisturbed standing stubble or chemical fallow
- in southwestern Saskatchewan, all crops qualify, whether seeded into summerfallow or stubble, and
- in other areas of the province, winter wheat crops seeded on conventional summerfallow, pre-worked stubble or acres where stubble is destroyed during the seeding operation or where seeded with a discer do not qualify for the Establishment Benefit if winterkilled.

Other general features of the SCIP include:

- Unseeded acreage - coverage on summerfallow or stubble acres when the number of acres intended for seeding cannot be seeded by June 20 due to excessive moisture.
- Spot-loss hail and fire protection - hail losses up to September 30 and fire losses up to October 31.
- Irrigation coverage - increased coverage and reduced premium rates.

- Reseeding benefit for spring-seeded annual crops - covers the cost of reseeding damaged acres up to June 20.
- Experience discount - reduces the premium of insureds who make no claims or receive only modest indemnity payments.

A Forage Insurance Program is available in several areas of Saskatchewan as well. Any established tame perennial grass or legume used for fodder or pasture may be insured. Yields are determined based on weather data and supplemented with actual production measurements to verify calculated township yields. Coverage is chosen on a dollars per acre basis and may be selected in $10 increments ranging from $40/acre to $100/acre. Annual yields are calculated on a township basis. When these yields fall below 70% of the 25 year average, an indemnity is paid to each insured at a rate of two percent of coverage for each percentage point below 70%.

British Columbia The Crop Insurance Branch of the B.C. Ministry of Agriculture and Food administers the Canada-B.C. Grain Crop Insurance Program (GCIP). This program is specific to the Peace River area of the province; separate programs tailored to the other crop areas of B.C. are also available. The GCIP was initiated in 1968, and prior to that date, insurance was not available to farmers. Approximately 40% of the area's 650,000 acres were insured in 1985. The Crop Insurance Branch estimates that 50-60% of the producers in the north purchase insurance.

In 1985, the GCIP paid out over $5.5 million to insured Peace River farmers. The government of Canada contributes 50% of the total premium required each year - this amounted to $1.3 million for 1985. Administration costs are borne 100% by the government of B.C. This figure totalled approximately $400,000 for 1985. Grain Crop Insurance offices are located in Fort St. John and Dawson Creek. Total liability for 1985 was $15 million.

Crops currently insurable include spring wheat, barley, oats and rapeseed. Fall rye coverage is planned for August, 1986.

Under the Program, the first year a farmer enters the GCIP, coverage is based on a ten-year moving average area yield, determined according to three risk areas. For each successive year of participation in the Program, the farmer's own yield records are computed in the average yields. For example, in year 2, the average yield consists of one year of his records and nine years of the area average yield. Year 3 will be two years of his records and eight years of the area average yield. In year 4, the farmer's own records are weighted with the area average yields 50-50. The farmer's total production records, divided by 8, are utilized in year 8 to arrive at an average yield. After that time, coverage is determined solely on an individual basis.

Coverage levels include:

- Oats or rapeseed grown in summerfallow - 60 or 70% of the long-term average.
- Spring wheat or barley grown on summerfallow - 60, 70 or 80% of the average.
- Crops grown on stubble ground are covered at 85% of the guarantee for crops grown on summerfallow.

Three price options are available for all insurable crops.

Premium rate percentages are dependent on which crop is insured and at what level of coverage. The premium rate for an individual will depend on his claims record. The premium cost may be reduced by 5% for each claim-free year.

Several features are available with the GCIP:

- Unseeded acreage coverage - failure to seed before the June 5 seeding deadline due to excessive moisture.
- Hail or fire spot-loss - payout at 10% damage.
- Reseeding benefit - $12/acre for 1986.
- Pedigreed grains and oilseeds - wheat, barley, oats and canola crops. Pedigreed crops will be insured and adjusted separately from any commercial crops grown under the same

contract. Premium rates will be the same, but price options will be higher.

Seeding deadlines for the various insurable crops include:

- Wheat (late maturing varieties) and Argentine Rapeseed - May 10
- Oats and other wheat varieties - May 20
- Medium and late maturing barley - May 25
- Polish rapeseed - June 1
- Olli, Gateway 63 and Otal barley - June 5.

New applications for GCIP must be submitted by April 30.

An added feature for 1986 is the Drought Assistance Program. Insureds must agree to carry Crop Insurance for 2 years, and will be eligible for $15/acre.

Manitoba The Canada-Manitoba Crop Insurance Program (MCIP) was established in 1960. In 1985, 14,725 out of 29,000 census farmers (51%) carried $438 million of insurance protection on 5.6 million out of 10.2 million (55%) acres of farmland. Payouts in that year totalled approximately $35 million.

The government of Canada contributes 50% of the total premium required each year. In 1985, this amounted to $22.1 million. The government of Manitoba contributes all of the administration costs, which totalled approximately $4.1 million for 1985. The MCIP is administered by the Manitoba Agriculture Crop Insurance Corporation. There are 19 local offices throughout the province.

The MCIP covers the following 30 crops and products:

- red spring wheat
- utility wheat
- mixed grain
- rapeseed
- mustard
- soybeans
- amber durum wheat
- pedigreed timothy seed
- pedigreed alfalfa seed
- potatoes

- sugar beets
- fababeans
- canary seeds
- oats
- fall rye
- flax
- field peas
- field beans
- lentils
- honey
- triticale
- barley
- buckwheat
- sunflowers
- grain corn
- silage corn
- vegetables
- cultivated forage for hay production
- livestock feed
- winter wheat (offered in 1986 crop year on a test basis).

The MCIP has several additional features, including:

- Unseeded acreage insurance.
- Seedling establishment option - forage crops which are seeded for hay production and insured under the forage crop program can be protected against failure in the seedling year.
- Hail spot-loss - coverage must be selected by April 30; terminates on October 21.
- Additional hail insurance - coverage terminates on October 21.
- Livestock-based forage program - livestock producers overwintering eligible livestock may insure.
- Livestock feed security program.
- Waterfowl crop damage compensation program.
- Reseeding benefit.

Coverage for most crops insured in the MCIP is established at 70% of the 15 year average yield, based on soil productivity ratings. Coverage for spring wheat is based on a 25 year average yield, adjusted for technological advances. The possibility of switching all other crops over to the 25 year average is currently under review. A producer's basic coverage is adjusted according to his record of claims. Those with successive years of claims are assigned a surcharge of up to 25%, while those with few claims can acquire a maximum 25% discount on their premium.

Coverage is not provided if seeding takes place after these dates:

Fababeans	May 25
Grain Corn	May 25 or June 1*
Silage Corn	May 25 or June 10
Lentils, Soybeans	June 1
Field Beans	June 1 or June 5
Potatoes	June 5 or June 15
Sunflowers, Field Peas, Canary Seed, Triticale	June 10
Argentina Rapeseed	June 10 or June 15
Polish Rapeseed	June 20 or June 25
Sugar Beets	June 15
Buckwheat	June 20 or June 25
Red Spring Wheat, Utility Wheat, Amber Durum, Oats, Barley, Flax, Mixed Grain, Mustard	June 20
Winter Wheat	September 15
Fall Rye	September 25

* More than one date shown due to date differences between climate areas.

A reseeding benefit is available in cases where crops are worked up and reseeded, equal to 25% of the coverage of the crop destroyed (15% for sugar beets). The reseeded crop must have been selected for insurance coverage prior to April 30 of that crop year and seeded before the final seeding date.

Application for all-risk insurance, the hail spot-loss option or changes in insured crops must be made by April 30; by August 31 for fall rye, winter wheat and cultivated forage for hay production; and by March 31, for unseeded acreage insurance.

U.S.A. Crop Insurance

The Federal Crop Insurance Corporation (FCIC) of the United States

Department of Agriculture administers the Federal Crop Insurance program under the Federal Crop Insurance Act. The Act was first approved in 1938 and has since been amended several times. Federal Crop Insurance policies are available through local insurance agents representing the FCIC. Private insurance companies, reinsured by the FCIC, sell similar "multiple-peril" or "comprehensive" policies (MPCI). The protection offered and the cost to the farmer is the same for both sources of policies.

In 1985, total liability for 1985 was $7 billion. Total premiums amounted to $440 million. The same year, 47% of the country's farmers were insured - 20% under the FCIC and 27% under the MPCI. Acreage covered amounted to 48 out of 265 million acres (18%).

Many agents are now utilizing a computer software program called ARCIE (All-Risk Crop Insurance Evaluation) as an aid to farmers' decision-making. The program uses the farmer's cash budget, calculates individualized rates and coverages, and makes cash flow projections at various yield levels. It has the capability to compare a situation of carrying no insurance with nine different insurance options.

The 29 insurable crops under the Federal program include:

- Corn
- Wheat
- Cotton
- Grain Sorghum
- Barley
- Rice
- Soybeans
- Oats
- Tobacco
- Flax
- Dry Beans
- Combined Crop
- Citrus
- Peaches
- Raisins
- Peanuts
- Peas
- Apples
- Tomatoes
- Sugar Beets
- Grapes
- Sugar Cane
- Sunflowers
- Forage Seeding
- Forage Production
- Sweet Corn
- Potatoes
- Rye
- Almonds.

The Act also permits an expansion of the number and kinds of commodities that can be insured, based on the importance to farm income, ability to obtain necessary actuarial information and the interest of producers in being able to obtain insurance.

Coverage is based on a maximum of 75% of the average yield. For most crops, a choice of 75, 65 or 50% of the average yield is available. The application deadline for insurance coverage varies by state, county and crop; however, it is usually 30 days prior to the start of planting. Producers can select one of three insurable dollar amounts for each bushel or pound of crop lost.

An Individual Yield Coverage Program (IYCP) is available on barley, corn, dry beans, flax, grain sorghum, oats, rye, sunflowers, soybeans and wheat. Producers substitute their own yield records for the area average yields. They must provide crop production information for their farm prior to applying and continue to keep records after starting on the program. County average yields are used for the balance of the 10-year record establishment period. Coverage under the IYCP is based on a 75, 65 or 50% guarantee of yield.

Premium rates under the Federal Crop Insurance Program (FCIP) are based on the coverage level, the crop price option selected and crop production risks on the farm. Premiums are reduced by 30% under a Federal government subsidy for 65 and 50% coverage. At the 75% level of coverage, the premium reduction is the same dollar amount as if the 65% coverage level had been selected. These subsidies apply to both the FCIC and the MPCI. In addition, adjustments are made to a producer's premiums based on the number of years of continuous experience and the relationship between premiums paid and indemnities collected. Policyholders with small or no losses can receive up to a 50% reduction in their premiums. State governments have the option to participate in premium subsidization. However, at present, Alaska is the only state to do so contributing an additional 20% premium subsidy to bring the total from 30% up to 50%.

Producers have the option of carrying a hail and fire insurance policy that is in addition to the Federal Crop Insurance policy. A premium discount is provided if the hail and fire protection is deleted from the Federal policy and replaced with at least an equal or greater amount of hail and fire insurance purchased from a private company. It is possible to carry both Federal Crop Insurance that includes hail and fire coverage and a separate hail and fire policy. If a loss covered by both policies is sustained, a collection indemnity can be made under both policies.

There are minor variations in details of the Federal Crop Insurance program between counties. The local agents are responsible for generating ideas and seeking input from the farmers in their area with regard to their concerns to present to the Federal administrators of the Program.

Summary and Program Comparison

Canadian and U.S. Crop Insurance (CI) Programs are made possible through federal legislation. In Canada, the program falls under federal-provincial agreements, with the provinces handling administration duties. In Alberta, Saskatchewan and Manitoba, the CI programs are administered by provincial corporations, while in B.C., the power falls to a branch of the Ministry of Agriculture and Food. In the U.S., a federal government corporation administers the program and it is represented at the local level by affiliate agents. The U.S. program is unique, however, in that private insurance companies offer Crop Insurance policies with the same protection and cost to the farmer as the federal program.

Crops insurable under the programs differ slightly from one program to the next, depending on the nature of agricultural production in that area. The crops common to all Canadian programs considered in this study include: rapeseed (canola), spring wheat, barley and oats.

Comparing coverage and price options shows some differences between Alberta and the other areas examined (Table III.1). The B.C. and U.S.A. programs offer three coverage levels (as a percentage of yield, while Alberta and Saskatchewan only offer two and Manitoba, one.

Alberta and Saskatchewan offer only the two (high-low) price options while the others offer three. Most notable is the coverage per dollar premium shown in the middle column. Recent droughts are likely responsible for Alberta's reduced insurance purchasing power. Northern British Columbia rates are still considerably higher than Alberta's, possibly reflecting increased risk involved in northern farming.

Table III.1 - 1985 CROP INSURANCE COVERAGE LEVELS AND PRICE OPTIONS

Province	Coverage Level	\$ Coverage/ \$ Farmer Premium	Number of Price Options
Alberta	60 or 70%	\$15.89	2
Saskatchewan	60 or 70%	19.95	2
Northern B.C.	60, 70 or 80%	11.54	3
Manitoba	70%	24.61	3
U.S.A.	50, 65 or 75%	N/A	3

A comparison of several features available through Crop Insurance programs is outlined in Table III.2.

Table III.2 - COMPARISON OF PROVINCIAL CROP INSURANCE PROGRAMS

	Alta.	Sask.	B.C.	Man.	U.S.A.
Individual Coverage	x	x	x	*	x
Livestock Feed Security	x	x		x	
Coverage Adjustment (Good Experience Discount)	x	x	x	x	x
Pedigreed Seed	x	x	x		x[1]
Unseeded Acreage Coverage	x	x	x	x	x[2]
Reseeding Benefit	x	x	x	x	
Unharvested Acreage	x				
High Risk Subsidy	x				
Hail-Spot Loss	x	x	x	x	
Premium Discount for Farm Size	x				
Irrigation Coverage	x	x			x

* Potatoes and sugar beets only. Will apply to honey and vegetables also in 1987.

[1] Hybrid seed

[2] Prevented planting

Seeding deadlines for the various programs are as follows:

Alberta	- June 20, September 15 to 30 for fall crops
Saskatchewan	- June 20, September 25
Northern B.C.	- Varies from May 10 to June 5
Manitoba	- Varies from May 25 to June 25 and September 15 to 25

Table III.3 - PARTICIPATION LEVELS - 1985

	% Farmers Insured	% Acreage Insured
Northern B.C.	55 est.	40 est.
Alberta	41	60-65
Saskatchewan	71	72
Manitoba	51	55
U.S.A.	47	18

Sources for Tables III.1, III.2 and III.3:

Canada	- Alberta Crop Insurance Literature
Canada	- Saskatchewan Crop Insurance Literature
Canada	- B.C. Grain Crop Insurance Literature
Canada	- Manitoba Crop Insurance Literature
U.S.D.A.	- Crop Insurance Literature

Table III.3 indicates that the proportion of total farmers insuring is smallest in Alberta, 41% in 1985 compared to about 70% in Saskatchewan. However, the percentage of total acreage insured is comparable (60-65%) to the other two provinces. This would indicate that a higher proportion of larger than average farmers are insuring in Alberta or that they are insuring a larger portion of their farm. In the U.S.A., about 47% of the farmers insure only 18% of total acreage. This would indicate that either rates are too high to insure other than the highest risk crops or that risk of crop failure is not that great. Likely the best comparison of participation can be made on the percentage of acreage insured instead of on proportion of farmers. The reason being that census farms are classified by the ability to generate only $250 of farm income per year. This definition would include many hobby farmers and acreage owners not typically purchasing crop insurance.

Crop insurance premiums are tax deductible as a business expense in both Canada and the U.S.A.

The Alberta Crop Insurance Program encompasses all or most of the directly comparable features found in the other provincial and U.S. programs. However, the B.C. Program (available to the northern grain producers) is designed strictly to establish individual coverage. A premium discount for larger farms, only available in Alberta, may be in part responsible for the disproportionate percentage of farms insuring when compared to total acreage covered. As well, the Alberta program is the only one shown to have unharvested acreage benefits and a High Risk Subsidy.

Several comparisons were not possible through a review of this type. The actual farmer attitudes in each of the comparable provinces have not been assessed. Are they equally pleased or displeased with their program and coverage? Do they consider their premiums fair? A comparison going beyond program features and participation would involve the comparison of other programs based on a producer survey comparable to the one conducted of NADC farmers for this study.

IV PRODUCER SURVEY - QUESTIONNAIRE RESULTS

In total, 157 NADC area producers were surveyed during the course of this study. They were asked to complete a questionnaire consisting of four main sections: General Background, Hail and Crop Insurance Involvement, Hail and Crop Insurance Claims and Producer Perceptions of Hail and Crop Insurance Programs*. An analysis of each questionnaire section is provided in this chapter. One of the goals was to obtain a profile of the producers surveyed: their farming experience, size and type of operation and income. The balance of the survey was aimed at obtaining information on past experience with crop insurance and stimulating thought on possible program changes wanted by area farmers. This chapter excludes the results obtained from the honey producers' meeting. A separate section deals with those results in Chapter VII.

General Background

The average producer participating in this study had been farming 24 years, although experience ranged from 2 to 59 years. Table IV.1 shows the breakdown of participants by years of farming experience. In all, 134 producers responded to this particular question. (A copy of the questionnaire used for this section is included in Appendix II).

Table IV.1 - FARMING EXPERIENCE

Years Farming	Number of Participants
2 - 10 years	23
11 - 20 years	43
21 - 30 years	29
31 - 40 years	31
41+ years	8
Average 23.5 years	134

Source: DH&SA farmer survey, April, 1986.

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* The term "Programs" is used because producers were also asked about the Hail Insurance Policies available through private companies.

The average producer surveyed (based on 129 responses) owned 1,087 acres of land and rented an additional 249 acres for a combined total of 1,336 acres. The acreage range among farms was very wide, however, with owned acreages ranging from 55 to 6,200 acres and rented acreages varying between 0 and 3,304 acres. The average farm size for the area, based on the 1981 Census of Agriculture, was about 750 acres.

About 30% of the producers surveyed reported having cattle while less than 10% reported having hogs on their farms. The average cattle herd for the 46 producers reporting was 102 head but the range varied from 3 to 750 head. The 11 hog farms had between 20 and 500 hogs with an average of 135 hogs per farm. Eight additional producers reported having chickens and horses.

Grains and oilseeds typically made up most of the income generated by the producers surveyed, followed by off-farm employment and beef cattle (Table IV.2).

Table IV.2 - FAMILY INCOME SOURCES

Source of Income	Percent of Income*
Grains/Oilseeds	72%
Beef Cattle	10%
Hogs	1%
Other	6%
Off-Farm Employment	11%
	100%

Source: DH&SA farmer survey, April, 1986.

Producers surveyed estimated their input costs to be just over $75 per acre (based on a simple average) although individual responses ranged from $25 to $233 per acre.

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* Based on a simple average.

Hail and Crop Insurance Involvement

On average, between 1981 and 1986, a majority (over 78%) of the producers surveyed purchased hail and/or crop insurance which is higher than provincial farm purchasers (41%). Average premiums paid have increased almost 23% from 1981 to 1985; this equates to an increase from $2,611 to $3,201 per farm over five years.

Preliminary 1986 figures (based on only 58 policies) show the average premium to be $3,557, a 36% increase from 1981. This is a faster increase than the Farm Input Price Index for crop insurance in Western Canada (+14.1%). The increase is likely a combination of increased insurance rates and increased coverage levels. Table IV.3 shows the annual data obtained from the survey.

Table IV.3 - HAIL AND CROP INSURANCE POLICIES

Year	Did You Have A Policy? Yes	No	Average Premium Paid	Premium Range	No.
1981	68%	32%	$2,611	$ 13-15,016	101
1982	71%	29%	$3,165	32-19,243	110
1983	79%	21%	$2,881	23-25,163	123
1984	84%	16%	$2,923	3-12,874	130
1985	86%	14%	$3,201	39-14,672	128
1986*	77%	23%	$3,557	200-10,000	75

*Preliminary

Source: DH&SA farmer survey, April, 1986.

A trend among surveyed farmers appeared to be developing which indicated a higher percentage of participants purchasing crop insurance over time. This survey was conducted prior to the crop insurance deadline for 1986 and no conclusions can yet be made for the continuation of the trend past 1985.

Almost 75% of the producers insuring against hail, insure through the Alberta Hail and Crop Insurance Corporation. Those producers purchasing hail insurance from private companies indicated they did so because coverage levels were higher.

Of the 87 producers indicating that they planned to insure their crops in 1986, 79% planned to insure wheat, 86% would insure barley and 95% would insure canola. About 70% of producers responding intended to go with the 70% yield and high price options*, although not all producers were able to indicate their final choice with certainty at the time. In addition, about one-third (35%) of producers responding planned to purchase individual coverage in 1986. The balance intended to purchase basic all-risk insurance. About 60% of the producers purchasing crop insurance insured their total acreage while the balance insured about one-half. Over 90% of the producers renting land insure it just as they would insure their own.

The producers not buying crop insurance in 1986 generally believed that coverage was too low to cover operating expenses per acre. Other comments cited were that there were too many restrictions for disposal of a poor crop and that inspection and adjustment were too slow.

Hail and Crop Insurance Claims

Over 80% of the producers surveyed suffered a crop loss in 1985 regardless of whether or not they were insured or made a claim. Reasons for losses included drought, early frosts and a wet fall. For comparative purposes, data were used from 46 producers who provided both an estimate of their 1985 crop loss and their actual crop insurance payout. The results showed that losses ranged from $600 to $400,000 with an average loss for this group estimated at $61,300 while the average crop insurance payout was $22,100. In simple terms, this would indicate an estimated crop loss to crop insurance payout ratio of: 2.8 to 1.

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* That is, they buy a policy with insurance based on 70% of the average yield and opt for the highest of the available bushel prices. This combination provides the highest coverage available under the Alberta program.

Almost two-thirds (63%) of the producers thought that they did not receive fair compensation for their losses. The most often cited concern was that input costs were not fully met due to low coverage levels. However, 77% of respondents had no problems filing claims or collecting payment. Those who had problems generally thought adjusting and processing of claims was too slow. Table IV.4 shows crop insurance payments and ranges for the farmers surveyed over the past five years.

Table IV.4 - CROP INSURANCE PAYOUTS 1981-1985

	Claim Filed		Average	Range of	
Year	Yes	No	Payment Received	Payments	No.
1981	29%	71%	$ 3,747	$423-21,894	66
1982	59%	41%	$19,362	$243-223,481	81
1983	36%	64%	$12,273	$ 97-61,820	78
1984	55%	45%	$ 9,043	$129-40,046	87
1985	74%	26%	$18,233	$491-93,996	100

Source: DH&SA farmer survey, April, 1986.

Producer Perceptions of Hail and Crop Insurance Programs

The three main reasons for respondents purchasing hail or crop insurance were to: reduce risk, assure input costs are covered, and to satisfy the requirements of lending institutions. In contrast, the main reasons for not purchasing insurance do not differ much from comments already made: coverage levels are thought to be too low and premiums too high.

Most producers (64%) surveyed felt "moderately informed" of the options and terms of the Alberta Hail and Crop Insurance Program; only about 20% felt "fully informed". Those producers who did not feel fully informed forwarded three main suggestions, including: a better information package about method of adjustment and coverage levels, information seminars during the winter, and more advanced notice of program changes.

Four out of ten producers thought that purchasing all-risk crop insurance was a good investment. The balance considered coverage too low to meet expenses. Opinions differed considerably between the farmers with more than 20 years experience and those with less experience. The more experienced farmers were evenly split on whether or not insurance was a good investment while two-thirds (66%) of the younger farmers considered insurance not to be a good investment. About one-half of the producers surveyed thought that hail insurance was a worthwhile investment while the balance considered coverage levels or risk of hail too low.

Although 60% of respondents considered premiums too expensive, nearly 85% thought that all-risk coverage was too low. This would indicate, and agree with previous findings, that coverage levels are of greater concern than the premiums. Again, the main concern was that farm operating costs were not being adequately covered under the current program. About 70% of the producers considered hail coverage through Alberta Hail and Crop Insurance Corporation adequate.

Almost one-half of the respondents thought that crop insurance was equitable for all farm sizes. Of those disagreeing, the farm sizes deemed to benefit most from crop insurance benefits were in the 0-179 acre category, followed by farms with 180-399 acres. The larger farms were all ranked last. The main reason cited was that large operations have less risk of crop failure because crop yields are averaged over all fields under the current program. If this perception is correct, based on size alone, one would expect northern farmers to benefit more because typically farmers in southern Alberta are larger than those in the north. For example, in 1981, a southern Alberta farm was 1,321 acres as compared to one in the Peace River region consisting of 741 acres.

A great majority of respondents (98%) thought that coverage rates and premiums were not "fair" for all parts of Alberta. Most respondents thought premiums were higher and coverage was lower for northern farmers than for those in the south. The farmers interviewed also thought their input costs were higher relative to the south because they have a shorter growing season and required larger equipment, are further from markets and farm supply centers, and often incur grain drying expenses.

The ten main changes, based on the questionnaire results, that producers wanted to see implemented are listed and ranked* below.

1. Coverage to reflect input costs.
2. Increase coverage levels.
3. Provide spot-loss coverage under the all-risk and individual plans.
4. Further encourage use of individual coverage.
5. Greater reward (through higher coverage and lower premiums) for good experience and management.
6. Make crop insurance payment deadlines later and revise system of elevator deductions.
7. Lower premium rates.
8. Provide higher payments for snowed-under damage.
9. Allow earlier crop plowdown and a deductible yield level.
10. Coverage to cover all input costs plus other expenses (i.e. mortgage, living, etc.).

Crop insurance, as it now exists, is viewed by many as being "all that is available". However, over 80% of the farmers in the study would recommend it to beginning farmers as a method to reduce risk. Young farmers are thought to be less able to afford a crop loss and need insurance to assure some return.

Over 70% of the respondents were still willing to pay higher crop insurance premiums if the program would meet their requirements, most of which have been discussed in this study. Exactly how much more they would be willing to pay would likely vary from farmer to farmer based on his own risk assessment and coverage level selected.

* Ranked based on number of occurrences for each comment.

Summary

The group of producers surveyed for this study represented a wide range of farm sizes and farming experience. The opinions of the individual producers, however, were consistent.

It has been estimated that approximately 42% of the NADC area farmers purchase crop insurance. This figure is comparable to the provincial figure of 41%. Northern farmers purchase crop insurance with the intent of reducing risk of crop failure and covering input costs. Those producers not buying crop insurance consider coverage levels too low and rates too high. A greater proportion of NADC farmers surveyed (78%) purchase crop insurance compared to the province's farmers as a whole (41%).

Although many producers (about 60%) were concerned with the cost of premiums, the great majority (about 85%) consider coverage levels too low and not adequate to insure their input costs. Almost all (98%) of the producers surveyed thought the current crop insurance program was not fair to northern Alberta farmers due to higher premiums charged and lower coverage rates offered relative to the south. Most producers (70%) were willing to pay higher premiums if the program was designed to better meet their needs.

V INDUSTRY INTERVIEWS

A total of twenty-three Alberta Government and Industry professionals were interviewed throughout the NADC area. They included: Alberta Agriculture staff, Farm Credit Corporation, Alberta Wheat Pool and other professionals in government and private lending institutions.

Alberta Hail and Crop Insurance Corporation staff were not interviewed for this section because the purpose of the survey was to obtain opinions and perceptions of industry people often called on for advice but not employed by the Alberta Hail and Crop Insurance Corporation. The AHCIC Regional Directors were informed of the study and head office staff were also advised of the study and consulted for information and data on the crop insurance program.

A special industry questionnaire was utilized. Questions asked and summaries of responses received are outlined below. A copy of the questionnaire is included in the Appendix.

QUESTION: DO FARMERS COME TO YOU WITH CONCERNS OR QUESTIONS ABOUT HAIL OR CROP INSURANCE?

Over 80% of the Government and Industry Representatives interviewed indicated that they are often approached with concerns or questions about hail or crop insurance. Two lenders indicated that the purchase of Hail and Crop insurance is recommended for clients with high risk loans and therefore they are often asked for information on the programs. The most often asked questions related to administration and explanation of the programs. Farmers often asked for explanation of policies on snowed under crops, crops insurable in the area and whether a claim is justified. They also want advice on appealing a claim. Government and industry personnel were often approached with questions on premium rates, costs versus benefits of purchasing crop insurance, and for explanation of coverage levels and risk ratings.

Concerns expressed by farmers are usually related to their frustrations with the administration of the program, and inadequacies of the program. Many of the program dates were considered inappropriate (e.g. date for crop elections, plowdown date). Frustrations regarding method and timeliness of adjustments are also voiced. Dissatisfaction was expressed over the policy of requiring spring harvest, even if harvesting is uneconomical. Some saw it as unfair that unpaid premiums are deducted from grain sales at the elevator, and that interest was charged on unpaid premiums even if a claim has been made.

Farmers perceive several inadequacies in the program in the view of professionals surveyed. Current coverage levels are not high enough to cover input costs, especially for those farmers who are using a high level of inputs. Farmers consider the premium paid should warrant higher coverage. Farmers would also like to be able to insure individual fields. Another major concern is abuse of the program. Good farmers think that they are subsidizing poorer farmers and those who are abusing the program.

QUESTION: IN GENERAL, ARE NADC AREA PRODUCERS' ATTITUDES TOWARDS ALL-RISK CROP INSURANCE POSITIVE OR NEGATIVE?

Most of the respondents (75%) indicated that there is generally a negative attitude towards all-risk insurance.

Several reasons were given for this. Some farmers think that the costs compared to the benefits of crop insurance do not warrant its purchase. The coverage levels are too low and input costs are not given consideration. The people surveyed thought farmers considered payouts not fair or equitable and did not understand the method of payout. Farmers who are required by their lenders to enroll in the program have a negative attitude about it. Beginning farmers face rates which are too high for the coverage level received, but have no alternative. Many farmers are disillusioned by the abuse which occurs. They think insurance promotes poor farming practices and leads to participants "farming for insurance."

Those who perceive a positive attitude toward the program are good farmers, and those who had been on the program for a long time.

QUESTION: IN GENERAL, ARE NADC AREA PRODUCERS' ATTITUDES TOWARDS HAIL INSURANCE POSITIVE OR NEGATIVE?

Most respondents (75%) indicated that there is generally a positive attitude toward hail insurance.

Hail insurance is perceived as a better "buy" than all-risk insurance. Farmers can obtain the level of coverage desired at a fairly low cost. They also view hail insurance favourably since experience penalties are not imposed if a claim is made.

Any negative feeling seems to be related to cost as compared to potential benefits, especially in low risk areas.

QUESTION: HOW INFORMED DO YOU FEEL OF THE OPTIONS AND TERMS OF THE ALBERTA HAIL AND CROP INSURANCE PROGRAM?

Responses varied from Fully Informed to Not Informed, with the majority of the respondents indicating that they felt Moderately Informed.

They thought that adequate information was available if requested, but this information was not always in an easily understandable form, and may not be provided unless a specific request is received. Many respondents suggested that Alberta Hail and Crop Insurance Staff should establish an information program and hold public meetings during the winter months. An information package including examples of alternate crop insurance payment scenarios, options, terms and an easy to understand statement of crop insurance regulations would be valuable. This could be sent to each policy holder and to government and industry contacts as background information on the program. A very useful publication has been produced by Alberta Agriculture* and could perhaps be more widely circulated. It was also indicated that additional staff are needed in some areas to provide adequate service.

* Referring to Crop Insurance - What Is It? Should I Buy It?, Alberta Agriculture, Farm Business Management Branch, Agdex 838-6, 1985.

QUESTION: WITH THE CURRENT PROGRAM AND OPTIONS AVAILABLE, DO YOU THINK THAT PURCHASING ALL-RISK CROP INSURANCE THROUGH ALBERTA HAIL AND CROP INSURANCE CORPORATION IS A GOOD INVESTMENT FOR A FARMER IN YOUR AREA?

Most industry people interviewed (67%) indicated that purchasing all-risk insurance is a good investment. A small number indicated that it may or may not be a good investment depending on the situation. All-risk crop insurance is considered to be a good investment since it helps to reduce risk of a crop loss resulting from variability in weather. Some thought it more important to large farmers; others consider coverage more vital for small operations. Crop insurance at least ensures that the operation will have operating capital for the next year. Those who thought that all-risk insurance was not a good investment indicated that, especially for established farmers, yields are often consistently higher than coverage levels, even in a poor year.

Those who thought that it could be a good investment indicated that high risk operations with a high debt load would benefit. Benefits would also depend on the farmer's management, level of inputs used and past experience. The program was considered a better investment for less intensive operations.

QUESTION: WITH THE CURRENT PROGRAM AND OPTIONS AVAILABLE, DO YOU THINK THAT PURCHASING HAIL INSURANCE THROUGH ALBERTA HAIL AND CROP INSURANCE CORPORATION IS A GOOD INVESTMENT FOR A FARMER IN YOUR AREA?

Almost all of those interviewed were of the opinion that hail insurance is a good investment depending on the risk area involved, especially as an endorsement on the all-risk coverage.

Hail insurance reduces risk, and due to the variability in weather, this is an important factor. Since hail insurance is fairly inexpensive and individual fields can be insured, hail insurance appears attractive.

Those who considered hail insurance not a good investment indicated that the risk of hail in the area is so low that coverage was not warranted.

QUESTION: DO YOU THINK THAT THE PREMIUM RATES CHARGED ARE FAIR FOR YOUR AREA?

Most of the government and industry contacts (67%) indicated that the rates charged are fair.

It was recognized that for the program to remain sound, premiums paid must equal payments made, over the long run. Some think that the premiums paid in some parts of the Peace Region are too high relative to others. Rezoning of the Peace Region was suggested.

The remaining respondents thought that the price was too high for the coverage received. It was suggested that program abuse was causing crop insurance costs to increase and greater penalties should be applied to those abusing the program.

QUESTION: ARE THE CURRENT LEVELS OF ALL-RISK COVERAGE OFFERED IN YOUR DISTRICT ADEQUATE?

All but one of the industry contacts indicated that current coverage levels are not adequate. Coverage levels have not kept pace with the rapid escalation of input costs, and no longer cover the cost of these inputs. The maximum yield to make a claim is too low, because under the current system, good producers rarely qualify for a claim unless the crop is a total loss.

It was indicated that producers on individual coverage likely receive adequate coverage. Mandatory individual coverage was suggested as a method of eliminating inequities in the system.

QUESTION: DOES PURCHASING HAIL OR CROP INSURANCE REDUCE THE RISK INCURRED BY FARMERS IN YOUR DISTRICT SUFFICIENTLY TO WARRANT ITS PURCHASE?

Most of those interviewed (75%) thought risk was reduced sufficiently, especially for producers who have a high degree of risk or financing. Insurance covers enough input costs to make it a valuable risk management tool. Some respondents indicated that it worked better for those with low input costs than for intensive operations with high levels of inputs.

QUESTION: WHO PURCHASES INSURANCE - FARMERS FROM THE LOW, MEDIUM OR HIGH FINANCIAL RISK SECTOR?

Most respondents indicated that farmers in medium and high risk categories are more likely to purchase insurance. Producers with high debt loads, and those with poor management capabilities are more apt to buy insurance, as well as producers in low risk positions who think they can afford the additional expense.

QUESTION: WOULD YOU CONSIDER CROP INSURANCE A SIGNIFICANT FACTOR IN FARM VIABILITY FOR FARMERS IN YOUR DISTRICT?

The respondents were evenly divided on this question. Those who considered insurance a factor in farm viability said that insurance is all that keeps some farms going from year to year, and they may continue for a long time depending on their debt situation. Others said that insurance provides continued viability to an operation which might otherwise falter in the case of a crop failure, or several poor years in a row.

Crop insurance was not considered to be a viability factor for farms in general, but may be important to some individual operations and in certain small areas. Also, some farmers are so financially insecure that insurance will not sustain the operation. Coverage levels are considered to be too low to maintain viability.

QUESTION: ARE THE CURRENT LEVELS OF HAIL COVERAGE OFFERED IN YOUR DISTRICT ADEQUATE?

Almost all respondents thought the levels of hail coverage are adequate. The risk in the NADC area is not high, and since purchasers can choose their coverage level and insure individual fields, they are adequately covered. It was suggested that, although coverage is adequate for cereals, it may be low for oilseeds.

QUESTION: UNDER THE PRESENT PROGRAM, WOULD YOU RECOMMEND THAT A BEGINNING FARMER PURCHASE HAIL OR CROP INSURANCE?
Most (75%) of those interviewed indicated that a beginning farmer should purchase hail or crop insurance. Beginning farmers are usually in a highly levered risk position and cannot afford to lose a crop. Insurance helps to reduce risk and provide security.

Some indicated that it would depend on the farmer's management capability because premiums are expensive and often the chance of collecting insurance payments is small.

QUESTION: ARE HAIL AND CROP INSURANCE BENEFITS EQUITABLE FOR ALL FARM SIZES?
Slightly over half of those interviewed indicated that benefits are not equitably distributed. Most of these respondents thought that small operations (0-179 acres) received the most benefits, while farms over 1,600 acres received the least.

This is due to the fact that averaging yields over the entire farm means a larger operator has less chance of collecting even if part of his farm experiences a loss. The reduction in premiums for larger farm size was implemented to take this into consideration. It was suggested that individual coverage would eliminate this concern.

QUESTION: DO YOU THINK THE CURRENT ALBERTA HAIL AND CROP INSURANCE PROGRAM COVERAGE RATES AND PREMIUMS ARE FAIR FOR ALL AREAS OF ALBERTA?
The majority (75%) of the government and industry representatives said the rates and premiums are not equitable. It was expressed that coverage available for the premium paid varies too greatly from north to south. Average yield standards seem to benefit producers who have lower yields (on average compared to higher yielding producers). Soil classifications are a problem because soils with low classifications

often produce more than soils with a higher rating and cannot be insured to as high a level.

Another concern was that variation between developing and well established farms is not taken into consideration.

QUESTION: WHAT CHANGES WOULD YOU LIKE TO SEE MADE TO THE CURRENT ALBERTA HAIL AND CROP INSURANCE PROGRAM?

Several suggestions were given; the three most common are ranked below followed by other comments given in no specific order of importance.

The most common suggestion was that coverage levels should be increased and input costs should be taken into consideration, especially for operations which use high levels of inputs. It was also indicated that management should be considered due to its importance to the success of the operation. The resulting program would be more fair, especially to intensive operations. An alternative would be to insure production with an extra rider to insure the desired level of input costs per acre.

The second most common suggestion was to implement individual coverage for all producers. Individual coverage would eliminate problems or concerns due to differences in soil classification and farmers abusing the program and "farming for crop insurance," and would take into consideration levels of input used.

Reduction of program abuse was considered of third importance. There should be a larger penalty for consecutive claims and better monitoring should be maintained.

Another concern was that many program dates are inappropriate for the NADC area. Seeding date, sign-up date, payment date and plowdown date were mentioned. The entire plowdown policy should be reviewed because many feel that the current policy leads to poor farming practices and inhibits farmers from making their own management decisions.

The idea of a bushel deductible option was suggested as a way of allowing the farmer to take responsibility for decisions regarding plowdown. The farmer could select his own deductible with premiums charged accordingly.

Several respondents suggested that more emphasis should be placed on differences between regions so that inequities across the province can be reduced.

There was some criticism of the adjustment procedure, which indicated that adjustments are geared towards operations with low input levels and poor management. It was suggested that adjustments must be done more professionally, timely and consistently.

It was suggested that the experience rating system needs revision. There should be no experience penalty for making a claim. No penalty is currently imposed for claims as a result of hail, and losses due to frost, drought, excess moisture and snowed under crops are also beyond the farmer's control and should receive the same consideration. Any experience penalty applied should be on the crop on which the claim was made rather than on all crops insured.

One respondent suggested that coverage levels for hail insurance should be increased; another indicated that coverge of forage crops should be extended to this area.

A final suggestion was that Hail and Crop Insurance could be incorporated into another program, specifically the Western Grain Stabilization Program. This change was expected to reduce administration costs and duplication of information needs.

QUESTION: WHAT REASONS DO YOU SEE FOR A FARMER IN YOUR DISTRICT TO PURCHASE HAIL OR CROP INSURANCE?

The overwhelming majority of respondents indicated that a farmer would purchase insurance to insure income to meet operating expenses.

The second most important consideration is the reduction in risk and the security provided by insurance.

Financial institutions are more confident in lending to farmers who purchase insurance, and some lending institutions require crop insurance before lending to high risk clients.

It was mentioned that some farmers may purchase insurance to try to take advantage of the program, but in general it is purchased to guard against circumstances over which producers have no control, thereby enhancing the long-term viability of the operation.

QUESTION: WHAT REASONS DO YOU SEE FOR A FARMER IN YOUR DISTRICT NOT TO PURCHASE HAIL OR CROP INSURANCE?

The most common reason given for a farmer not to purchase hail or crop insurance is that coverage levels are too low and do not cover input costs. Many farmers, especially those with good management skills and high levels of inputs, think they could never collect from the program. Many farmers have never had hail or frequent crop failures, and will bear the risk themselves. They may also be in a low risk financial position or have alternate sources of income.

Others consider the cost too high or that it is too high relative to any benefits expected. The cost of insurance is just an added expense in poor economic times.

It was indicated that some producers are disheartened by abuse of the system. They think they have been poorly treated by adjustors or that their management skills are not taken into consideration by the current program.

QUESTION: IF THE HAIL AND CROP INSURANCE PROGRAM WAS DESIGNED TO FULLY MEET THE NEEDS OF AREA FARMERS, DO YOU THINK THEY WOULD BE WILLING TO PAY HIGHER PREMIUMS?

Most (75%) of those interviewed indicated that farmers would pay higher premiums, but additional benefits must be evident. Producers recognize the value of having a good program which provides coverage to meet their needs.

Those who said farmers would not pay higher premiums indicated that producers cannot afford to pay more for inputs, including crop insurance, at the present time.

Summary

The main purpose for interviewing agricultural professionals who were involved with producers in an advisory role was to get an unbiased view of the Alberta Hail and Crop Insurance Program. Respondents were asked to give their opinions and views on a number of crop insurance issues.

The industry people surveyed thought the majority of producers have a negative attitude towards crop insurance. Producers consider costs too high for the level of coverage offered. As well, producers are often not sure of how the program operates and often think payout levels are not fair. Hail insurance is perceived positively.

Most of the professionals interviewed considered themselves only moderately informed about the program and suggested more information be provided through: winter meetings, information packages and additional staff.

About two-thirds (67%) of those interviewed thought all-risk crop insurance was a good investment and that rates were fair. However, almost all (95%) respondents considered coverage too low. They pointed out that input costs and expected yields have risen quickly in the area and coverage levels have not kept pace.

The people surveyed were still of the opinion that crop insurance reduced risk. Risk reduction was thought to be especially important for producers in the medium and high risk financial sector and for beginning farmers. The majority (75%) of those surveyed thought premiums were too high in the north relative to southern Alberta.

Several suggestions for change were given, the three most common of which were:

1. Increase coverage levels to account for input costs.
2. Implement individual coverage for all producers.
3. Monitor program abuse more closely.

VI RANKING OF SUGGESTED CROP INSURANCE ISSUES

As a supplement to the main producer survey, a structured questionnaire was developed to ensure none of the major crop insurance issues were overlooked in the study. The check-off questionnaire consisted of a list of 29 specific issues and respondents were asked to indicate the relative necessity of reviewing or improving each aspect of the Alberta Hail and Crop Insurance program. Their choices were: Absolutely Necessary, Very Necessary, Somewhat Necessary and Not Necessary.

The results are shown in Table V.I. The percentage breakdown, as well as total number of responses to each question, are included. A copy of the questionnaire has been included in the Appendix. From 115 to 131 responses were recorded for each item ranked.

A closer examination of the results indicates rankings generally consistent with those reported in Chapter IV, the conclusions of the focus-group meetings. Please note that some of the items ranked highly in Chapters IV or V do not appear here because this section was designed as a supplement and not all choices were included in the check-off list.

High Priority Areas For Improvement

Listed below (by % of responses) are the five major or indicated areas for improvement ranked by combining responses of "Absolutely Necessary" and "Very Necessary" categories.

1. The levels of coverage that are currently offered (90%).*
2. The Individual Coverage option which establishes coverage on the basis of individual yields rather than area average yields (85%).

* That is, 90% of the respondents indicated that review of "the levels of coverage that are currently offered" was Absolutely or Very Necessary.

Table VI.1 - RANKING OF SUGGESTED CROP INSURANCE ISSUES

Listed below are several issues pertaining to hail and crop insurance. We would like to know your opinion on which specific topics need immediate review and improvement. In other words, is review and improvement on the topic absolutely necessary, very necessary, somewhat necessary or not necessary? Please check only one per item.

		Absolutely Necessary	Very Necessary	Somewhat Necessary	Not Necessary	N*
a.	The levels of coverage that are currently offered	78%	12%	5%	4%	129
b.	The cost of premiums	46	20	20	14	127
c.	Inability to claim for partial or spot losses on a crop	40	27	25	8	131
d.	The types of crops that are insurable in your area	22	18	33	27	128
e.	The differences in coverage and premiums for crops grown on summerfallow and crops grown on stubble	27	29	32	12	129
f.	Premium discounts for insuring larger acreages	17	24	24	36	126
g.	Unfair claiming practices on the part of other producers	47	19	21	13	130
h.	Unfair claim adjustments	26	19	41	15	124
i.	Slow processing of claims	34	19	29	18	127
j.	Reduction in coverage because of two or more years of substantial claims	43	14	22	21	129
k.	Obtaining crop insurance advances on crops that could not be harvested	39	34	22	5	129
l.	Insurance dates and deadlines (premium payment by May 15, seeding dates, etc.)	38	25	20	18	122
m.	The types of perils that can be insured against	20	21	35	24	122
n.	The effects of different crop price options on coverage and premiums	32	32	29	7	125
o.	The effects of soil type on coverage and premiums	36	32	24	8	128
p.	Selecting a policy that meets the requirements of your own financial situation	46	26	21	7	127
q.	The effects of having several good years without a claim on coverage and premiums	37	30	25	9	126
r.	The effects that other farmers in your risk area can have on your basic coverage and premiums	48	26	13	13	128

	Absolutely Necessary	Very Necessary	Somewhat Necessary	Not Necessary	N*
s. The Individual Coverage option which establishes coverage on the basis of individual yields rather than area average yields	55	30	13	2	128
t. The forage crop insurance program that is available in some areas of the province	34	21	32	13	115
u. Coverage for an inability to seed due to excessive moisture	33	30	30	7	125
v. Coverage for reseeding insured acres	28	36	27	9	129
w. Coverage for an allowance to dry grain	35	31	27	7	126
x. The Hail Rider policy of the Basic Crop Insurance Program	22	27	31	20	124
y. The separate Hail Insurance policy available through Alberta Hail and Crop Insurance Corporation	19	18	39	25	114
z. Getting more Alberta farmers to participate in the program	33	22	27	18	124
aa. Allowing claims for a loss in quality or grade, even when there is no loss in yield	41	30	20	9	128
bb. Current levels of payment for wildlife damage	40	21	30	9	129
cc. Coverage for losses due to weed infestation	18	8	28	47	120

Source: Deloitte Haskins & Sells Associates Producer Survey

* "N" denotes number of responses to a particular question.

3. The effects that other farmers in your risk area can have on your basic coverage and premiums (74%).
4. Obtaining crop insurance advances on crops that could not be harvested (73%).
5. Selecting a policy that meets the requirements of your own financial situation (72%).

The main items are closely linked, which further rationalizes the rankings shown. The responses discussed in this chapter indicate that current coverage levels are not deemed adequate and producers want a policy that will be based on their own production practices and financial situation. They do not want area claims affecting their level of coverage and premium rates, further supporting their request for a workable individual coverage plan. In addition, area producers want earlier payment from the snowed under claims.

Lower Priority Areas For Program Improvement

Several aspects of the program are deemed more favourably by the producers. The five issues scoring highest in the "Not Necessary" and "Somewhat Necessary" for immediate review and improvement categories were:

1. Coverage for losses due to weed infestation (75%).
2. The separate Hail Insurance Policy available through Alberta Hail and Crop Insurance Corporation (64%).
3. The types of crops that are insurable in your area (60%).
4. Premium discounts for larger acreages (60%).
5. The types of perils that can be insured against (59%).

Area producers do not want to insure for poor management, thus the request not to consider insurance for weed infested fields. Producers also seem quite content with the hail policy currently available. Although some concern for uninsurable crops and perils has been discussed earlier, resulting from focus-group results, in general, the crops and types of peril do not rank highest for review. This does not mean that review is not required. In both cases, nearly 40% of respondents did feel that review was very or absolutely necessary. Finally, it appears that the premium discounts offered for larger insured acreages are still preferred.

VII PRODUCER FOCUS-GROUP FINDINGS

To assure good farmer representation, 14 workshops were held throughout the NADC region from April 18 to April 23, 1986. A total of 157 farmers participated. Thirteen of the 14 workshops dealt with hail and crop insurance as it relates to crop production, with one workshop focusing on crop insurance for beekeepers. Workshops were held in the following locations:

- Ft. Vermilion
- Hawk Hills
- Manning
- Fairview
- Spirit River
- Valleyview
- Beaverlodge
- Grande Prairie
- Athabasca (2 meetings)
- Bonnyville
- St. Paul
- Falher (2 meetings)

Participants at each meeting completed a structured questionnaire and participated in a round-the-table focus group meeting. Group discussion led to a ranking of the three main suggestions which were considered most important for change in improving the existing Alberta Hail and Crop Insurance Program.

Consolidation of Suggested Program Changes

The highest ranked item for change over all fourteen groups was that coverage should be based on input costs. It was indicated that current coverage does not adequately insure the cost of inputs, especially for farmers with intensive operations. Coverage based on individual input costs would allow each producer to insure himself for the level of inputs he chose to use. This point was ranked as number one by five of the fourteen groups, with three other groups placing it second or third.

Revision of the good experience rating system was ranked as the second priority. In general, farmers do not think they are given sufficient bonus for many years of good experience. The good experience discount would give incentive not to make a claim. They considered the experience penalty for making a claim to be too severe, especially if the claim was made due to a general crop disaster. Some indicated that increased coverage would be a better incentive than reduced premiums. Six groups ranked this point in their top three priorities, with one group placing it first, three placing it second, and two third.

The third priority overall was to expand use of individual coverage. Five groups considered individual coverage in their top three rankings. Two groups placed it first on the list, one group placed it second and two groups ranked it third. Individual coverage was considered to be desirable since each farmer's coverage would be based on his own production. This would be especially desirable for intensive operations which consistently produce high yields. It was expected that if everyone was on individual coverage, abuse of the program would be reduced, and management differences would be recognized by the yields produced.

Other suggestions which were given high priority are listed below but have not been ranked.

. Plowdown policies should be revised. Plowdown dates are inappropriate and can lead to poor farming practices. It was suggested that a deductible based on yield would allow farmers to make their own management decisions regarding plowdown or harvesting of a crop. The current program is thought to inhibit farmers' management decisions and that changes are needed to give the farmer more control over his operation. They think that they are being forced to harvest a crop even if it is uneconomical to do so, and often must wait too long to plow a crop down or harvest it for feed.

. Policies for snowed under crops should be changed. The Groups concluded that full, or increased partial payment, should be received in the claim year. It was suggested that an adjustment could be calculated in the spring if harvest of the crop was possible.

. Several groups felt that differences in coverage, rates and insurable crops between regions were unfair. They also think that each risk should be treated according to the importance of the risk in the area (e.g. frost should be treated differently in northern Alberta where it is a greater problem than in the south).

. Revision of program dates was considered important. Seeding dates, crop insurance cancellation date, plowdown date and premium payment date were all considered to be inappropriate and in need of review for this area.

It was suggested that the program should be revised so that good managers rather than poor managers would benefit. It was indicated that there is a lot of abuse of the program and that good managers are subsidizing those who are less efficient. Many farmers feel that, unless there is a total crop disaster, they will never collect from the program because their yields are consistently higher than the minimum for a claim.

. Some groups considered spot-loss coverage of individual fields a priority. Weather patterns and soil characteristics are variable over very small distances and production in individual fields can be considerably different. Often, due to averaging, a claim cannot be made on a field which would be considered a total loss.

. One group thought that it was important that premiums reflect factors such as the riskiness of the seed varieties planted. Premiums should also reflect farm practices and management skills of the participants.

. Adjustments after crop loss were not done quickly, or at the appropriate time. Some thought that adjustments were not done fairly from field to field or farmer to farmer.

. Revision of premium rates was considered to be a priority by one group. They thought all-risk premiums were too high relative to hail insurance. It was suggested that premiums should be reduced for areas which had few claims.

. Another group thought that area yields should be revised since they did not seem to reflect average production. Calculations based on the percent stubble versus summerfallow in the area were considered inappropriate.

Individual Meetings - Suggested Program Changes

The three main points arising from each focus meeting group have been ranked in this section, with additional points (indicated by an *) listed in no particular order.

FORT VERMILION MEETING - Changes Suggested:

1. Coverage Should Be Based On Input Costs
   - Premium should be based on a % of costs
   - Could include a consideration for management
   - It was recognized that this system could be "paper heavy"
2. Plowdown Policies Need Revision
   - Allowable plowdown date is too late; this leads to poor management practices
   - Farms want to make their own management decisions
3. Regional Differences are Unfair
   - Northern Alberta should receive same coverage levels as Southern Alberta

* Individual Coverage is Desirable

* Unpaid Premiums Should Not Be Deducted From Grain Sales at Elevator
   - November 1 payment deadline was suggested
   - Threat of coverage cancellation ensures payment will be made
   - Better co-ordination is needed since double-charging often occurs

* Individual Fields Should Be Insurable
   - Random spot checks would discourage abuse and false claims

* Continuous Cropping Should Not Be Penalized

* Experience Rating System Needs Revision
   - One Claim reduces experiences discount too much

* Program Dates Need Revision
   - Seeding dates are inappropriate for this area

This group indicated that they wanted to be able to make their own management decisions, and the current program limited them doing so. They also thought that "patching up" the current program was not the answer. A totally new approach is required.

HAWK HILLS MEETING - Changes Suggested:

1. Coverage Should Be Based on Input Costs
   - Current coverage does not pay input costs
2. Experience Rating System Needs Revision
   - There should not be a penalty for making a claim
   - Penalties for poor farming practices would be more appropriate
3. Individual Coverage Is Desirable
   - Should be mandatory for everyone
   - Would reduce program abuse

* Snowed-Under Coverage
   - Payments should be made in coverage year with a repayment calculated if crop is harvested in the spring

* Include Hail Endorsement in Regular Policy
   - Excess moisture is also an "Act of God"; no reason to isolate hail under this heading

* Plowdown Policies Need Revision
   - Plowdown date is too late
   - It may be more economical to plow a crop down, but harvesting is often required
   - Frozen crops which could be used as forage are often unsalvageable by the time the loss is approved by the adjuster

* Compensation Should Be Made For Loss In Grain Grade and Weight

* Program Dates Need Revision
   - Sign-up and cancellation dates are inappropriate for the area

The major concern in this area was that input costs are not covered at current coverage levels. They receive "lower coverage and pay higher rates although inputs and other costs are higher than in other areas of the province". They thought they are buying protection for the supplier of the inputs rather than for themselves. They would also prefer it if the AHCIC director was elected rather than appointed.

MANNING MEETING - Changes Suggested:

1. Coverage Should Be Based On Input Costs
    - Current 70% coverage does not pay input costs let alone overhead
    - Would eliminate inequities for coverage on stubble
2. Snowed-Under Coverage
    - Payments should be made in coverage year

* Plowdown Policies Need Revision
  - Maybe more economical to plow a crop down, but harvesting is often required

  Plowdown date is too late; this leads to poor management practices

* Experience Rating System Needs Revision
  - Should be no penalties for a claim made in a general loss year
  - Yields from loss year should not be included in crop averages

* Individual Coverage is Desirable
  - Should be mandatory for everyone
  - Allows individuals to make their own management decisions
  - Allows for protection to the coverage level desired by the individual

* Regional Differences Are Unfair
  - Differences are biased against the area

* Individual Fields Should Be Insurable
  - It was recognized that this would be hard to monitor and easy to abuse

FALHER MEETING - Changes Suggested:

1. Coverage Should Be Based On Input Costs
    - Premiums could be charged on a sliding scale depending on level of coverage desired
2. Plowdown Policies Need Revision
    - A deductible yield would be desirable since it would allow farmers to make their own management decision as to whether it was economical to harvest the crop
3. Program Dates Need Revision
    - Cancellation date, payment date are too early

- Insured Crops must be specified before seeding plans are finalized

* Individual Fields Should Be Insurable

- Weather patterns vary over small areas and affect individual fields

* Regional Differences Are Unfair

- Should be able to insure clover/alfalfa since other areas can

* Experience Rating System Needs Revision

- Should be greater discounts for good experience
- Should be no penalties if a claim is made

* Individual Coverage Is Desirable

- Should be mandatory
- Would reduce abuse of the program

* Unpaid Premiums Should Not Be Deducted From Grain Sales at Elevator

* Soil Ratings Need To Be Updated

- Many "E" soils produce more than "D" soils

* Breaking Should Be Included In Unseeded Acreage

FAIRVIEW MEETING - Changes Suggested:

1. Good Managers Rather Than Poor Managers Should Benefit From the Program
   - Good farmers feel they are subsidizing their inefficient counterparts
2. Experience Rating System Needs Revision
   - Should be greater discounts for good experience
   - Should be no penalties for a claim due to an "Act of God"
3. Coverage Should Be Based on Input Costs
   - Insurance should cover variable costs

* Losses in Grain Grade and Weight Should be Insurable

* Plowdown Policies Need Revision

- More flexibility is needed

* Consolidation Of Hail And Crop Insurance With Other Programs Is Desirable

- Combine this program with the Western Grain Stabilization Program
- Would reduce administration costs

* Soil Ratings Need Updating

- They are based on very old information

This group expressed concern that beginning farmers could not get adequate coverage at a reasonable price due to the current experience rating system.

SPIRIT RIVER MEETING - Changes Suggested:

1. Snowed Under Coverage
   - Payments should be made in claim year
2. Individual Fields Should Be Insurable
   - Would require monitoring to prevent abuse
3. Individual Coverage Desirable
   - Should be optional
   - Would recognize farm practices and management differences
   - There should not be a penalty for circumstances beyond their control - i.e. weather

* Plowdown Policies Need Revision

- Plowdown date is too late to qualify for summerfallow next year

* Soil Ratings Need To Be Updated

- "C" soils often produce more than "B" soils

* Compensation For Drying Is Not Sufficient

* Losses in Grain Grade and Weight Should Be Insurable

* Premiums Should Be Adjusted Relative To Grain Prices

* Current Program Inhibits Farm Management Decisions

- Program requirements can affect cropping for several years since proper preparation of the soil for the next crop is impossible

* Yield Average Should Be Based on More Than Five Years

- Due to uncontrollable factors there has not been a good crop for five years in some areas

* Payment Policy Needs Revision

  . Interest should not be charged on premium due if a claim has been made

  . Payment should be made in the crop year

* Unpaid Premiums Should Not Be Deducted From Grain Sales At Elevator

* Snowed-Under Coverage

  . 60% - 80% of the claim should be paid in the claim year

  . An adjustment could be made in the spring if harvest was possible

BEAVERLODGE MEETING - Changes Suggested:

1. Premiums Should Reflect:
   . Riskiness of the seed variety
   . Farm practices and management
2. Good Managers Rather Than Poor Managers Should Benefit From the Program
3. Adjustment Procedure
   . It takes too long for the adjusters to make the adjustment

* Yield At Which A Crop Is Considered A Loss Should Be Increased

* Individual Fields Should Be Insurable

  . Would like to be able to insure a specific field which they feel has an above average crop

* Program Dates Need Revision

  . Late seeding date, April 30 payment date, fall payment date

* Losses in Grain Grade and Weight Should Be Insurable

* Individual Coverage Is Desirable

* Experience Rating System Needs Revision

They felt that average area yields should not include yields from a disaster year over which the farmer has no control.

GRANDE PRAIRIE MEETING - Changes Suggested:

1. Individual Coverage Is Desirable
   . Should be mandatory
   . Would reduce abuse of the program

2. Experience Rating System Needs Revision
   - There should not be penalties for a claim due to a natural disaster
   - Long-term average yields should not decrease
3. Current Program Inhibits Farmers' Management Decisions
   - Should not be required to harvest a crop if it is not economical to do so
   - Often required to leave a crop to grow even if chance of recovery is small

* Individual Fields Should Be Insurable
   - It was recognized that this would be difficult to administer

* Program Dates Need Revision
   - Late seeding date should be crop specific

* Adjustment Process
   - Adjustments are not consistent between farmers and between fields
   - Often approval of a claim is delayed later to see if the crop will recover

* Consolidation of Hail and Crop Insurance with Other Programs is Desirable

* Good Managers Rather Than Poor Managers Should Benefit From the Program

This group indicated that insurance should be a "management tool rather than a social assistance program". If a farmer obtains machinery which reduces the risk of losing a crop (e.g. grain dryer, straight-cut combine head) he should be covered for the additional costs incurred.

VALLEYVIEW MEETING -Changes Suggested:

1. Individual Coverage Is Desirable
   - Would allow individuals to insure to whatever level they desire
   - Would recognize farm practices and management differences
   - Would make coverage more attractive since it is based on the farmer's individual yields

2. Individual Fields Should Be Insurable
    - Similar to what is available for hail insurance
3. Coverage Should Be Based on Input Costs
    - Variation in grain grade and prices often results in low dollar returns which do not cover the cost of inputs

* Adjustment Process
  - Delayed adjustments create problems in farm management
  - Staff should receive better training

* Program Abuse Should Be Reduced
  - Some form of monitoring is required

* A Deductible Yield Would Be Desirable
  - Would allow farmers to make their own management decisions as to whether it was economical to harvest the crop

* Snowed-Under Coverage
  - Payment for snowed-under crops should be received in the claim year
  - Next year's yield could be adjusted if spring harvest was possible

* Program Dates Need Revision
  - Late seeding date (June 20) is too late
  - Summerfallow date (July 1) is too early

ATHABASCA MEETING 1 - Changes Suggested:

1. Individual Coverage is Desirable
    - Management is very important in this area, and individual coverage would reflect differences in management
2. Good Managers Rather Than Poor Managers Should Benefit From the Program
3. Area Yields Need Revision
    - Average yields used are too low

* Program Abuse Should Be Reduced

* A Hail Endorsement For Forages Would Be Beneficial

ATHABASCA MEETING 2 - Changes Suggested:

1. Experience Rating System Needs Revision
   - Would like to see coverage increased rather than premiums reduced for good experience
2. Coverage Should Be Based on Input Costs
   - Premiums should be based on the level of input costs insured
   - Current coverage does not cover input costs
   - Inflation should be taken into account
3. Area Yields Need Revision
   - Average yields used are too low in most areas, especially for cereals

* Individual Fields Should Be Insurable

* Coverage Areas Are Too Large
   - Soil and climate vary over small areas

* Adjustment Procedure
   - Spring frost damage claims should be adjusted in the spring

* Frost Hazard Ratings
   - Differences in coverage/premiums for different ratings are not great enough

* Regional Differences are Unfair
   - Areas have different problems; north - frost and drowning vs. south - drought. Specific risks should be handled differently in different areas of the province
   - Rates should be equitable

* Program Dates Need Revision
   - Premium payment deadline too early (only a % should be deducted at the elevator if any deduction is made)

Coverage for frost damage is a major concern in this area. Too much rain is also a major problem. It was pointed out that drowning of crops and frost should be considered as much a problem as drought is in southern Alberta.

BONNYVILLE MEETING - Changes Suggested:

1. Premium Rates Need Revision
    - All-Risk premium is too high relative to Hail
    - Varieties should be dealt with individually, e.g. Tobin vs. Westar canola
    - Hail and frost premiums should be equal; they carry the same risk
    - Premium rates should be reduced for areas with few claims
2. Regional Differences Unfair
    - Should be able to insure forages since other areas can
3. Experience Rating System Needs Revision
    - Not enough benefit is given for a long record of good experience
    - Penalty is too great for one claim

* Coverage Should Be Based on Input Costs
- Reseeding coverage does not cover costs

* Program Dates Need Revision
- Deadline date for tillage requirement is inappropriate
- Date for seed set in alfalfa is inappropriate
- Payment deadline is too early

* Program Abuse Should Be Reduced

* Restrictions Should Apply to Marginal Land and Crops Not Recommended In The Area

* Payment Policy Needs Revision
- % payment for snowed under crops is too low

* Soil Ratings Need To Be Updated

ST. PAUL MEETING - Changes Suggested:

1. Coverage Should Be Based On Input Costs
2. Individual Coverage Is Desirable
    - Rates should take management into consideration
3. Experience Rating System Needs Revision
    - Coverage should not decrease and premiums should not increase due to a claim as a result of a natural disaster
    - Frequent claims should result in higher rates

- Soil Ratings Need To Be Updated
  - Coverage rates are too low for some soils
- Regional Differences Are Unfair
  - Ratios are not appropriate for some areas
- Forage and Pasture Should Be Insurable
- Coverage for Pedigreed Seed Is Too Low
- Coverage Should Be Related to Grain Quality and Grade

Summary of Crop Producers' Meetings

The producer turnout and participation at the focus-group meetings was very good. The 13 meetings described in this section yielded a wide range of comments and suggestions for change. To get specific area comments, notes pertaining to that particular meeting will have to be examined. However, there was also a high degree of similarity between area and meeting results. An additional ranking of the meeting results would yield the three following most commonly suggested program changes: coverage should be based on input costs, revise the good experience rating system and expand the use of individual coverage.

These comments are also very similar to the individual producer questionnaire analysis carried out in Chapter IV and the industry interview analysis in Chapter V where similar proposals for change were made.

Falher - Beekeepers' Workshop

Eleven honey producers attended the workshop in Falher which focused on insurance for beekeepers. All but one of the beekeepers have purchased honey insurance through Alberta Hail and Crop Insurance. The individual with no insurance would have purchased insurance except that he operates fewer than the minimum 200 hives.

Those who had previously purchased insurance but do not intend to buy it in 1986 indicated that changes had been made to the program which would be detrimental to them, or that coverage was not sufficient, especially relative to the cost.

Eight of 11 producers attending had experienced a production loss in 1985. This loss was invariably caused by drought conditions.

One-half of the respondents thought the compensation they received was not fair. They indicated that the current deductible is too large, and that compensation received was substantially lower than cost of production.

No one had experienced any problems in filing claims or collecting payment from insurance.

The beekeepers knowledge about honey insurance ranged from being poorly informed to being fully informed, with an approximately equal representation in each category. They thought that more information regarding the honey insurance program should be made available. It should be sent to all honey producers, and should be made available through the Apiculture office. They thought that the office staff should be more informed about changes to the program and that they should have more contact with the beekeepers. This could be accomplished by holding an information meeting for beekeepers.

Most (9 out of 11) of the participants indicated that honey insurance is a good investment. They think it helps to reduce the risk involved in beekeeping and provides security. Insurance helps to cover costs in case of a crop failure and makes financing easier to obtain. Those who considered insurance not a good investment indicated that it is not necessary unless the operation is in severe financial difficulty.

One-half of the respondents thought that premiums charged in their area are fair due to the security provided to them by the program. Those who said that the rates were unfair felt that coverage was low for the premium being paid, or that since the market price of honey has fallen, the additional expense was too great. Some producers indicated that their coverage has declined due to drought to the point that insuring is no longer worthwhile. The level of coverage available does not cover input costs.

Most of those present felt that coverage offered is not adequate. Coverage levels, for some producers, have fallen drastically due to several drought years. Coverage is based on market value, which fluctuates, and at present is not adequate to cover production costs. Those who thought coverage is adequate indicated that it covers their most important inputs. One-half of the producers expressed concern that there were inequities in rates charged in different parts of Alberta. Some thought that coverage should be based on cost of production, possibly with a ceiling, and rates should be charged accordingly.

All participants thought that honey insurance was necessary for a beginning farmer. They considered the risk too great to be uninsured because production failures can ruin beginning beekeepers.

Reasons for purchasing honey insurance include: reducing the amount of risk involved in beekeeping by covering expenses in case of a production shortfall, protection of investment and enhancement of the operation for financing purposes, and providing security and peace of mind.

Most (two-thirds) of the respondents indicated that they would be willing to pay higher premiums if the insurance program was designed to fully meet their needs. Most indicated that they would pay a higher premium to receive coverage equal to cost of production.

Through general discussion at the workshop, a consensus was reached that the top ranking priority for change at this time is to provide an option whereby beekeepers can purchase coverage based on input costs.

Other points which were considered important by the groups are:
- Revision of program dates
- Provision of policies which allow pooling of coverage for beekeepers with fewer than 200 hives
- Lower Premiums - an increased deductible would be acceptable if it would reduce premiums.

Vegetable Growers' Survey

The crop insurance program currently in place for vegetable growers is only one year old. Only a few (less than five) growers in the NADC area have sufficient acreages of vegetables to warrant purchasing insurance at this time. Producers and industry people contacted felt they did not have sufficient experience with the program and felt it was too new to comment on.

VIII ECONOMIC ANALYSIS OF CROP INSURANCE

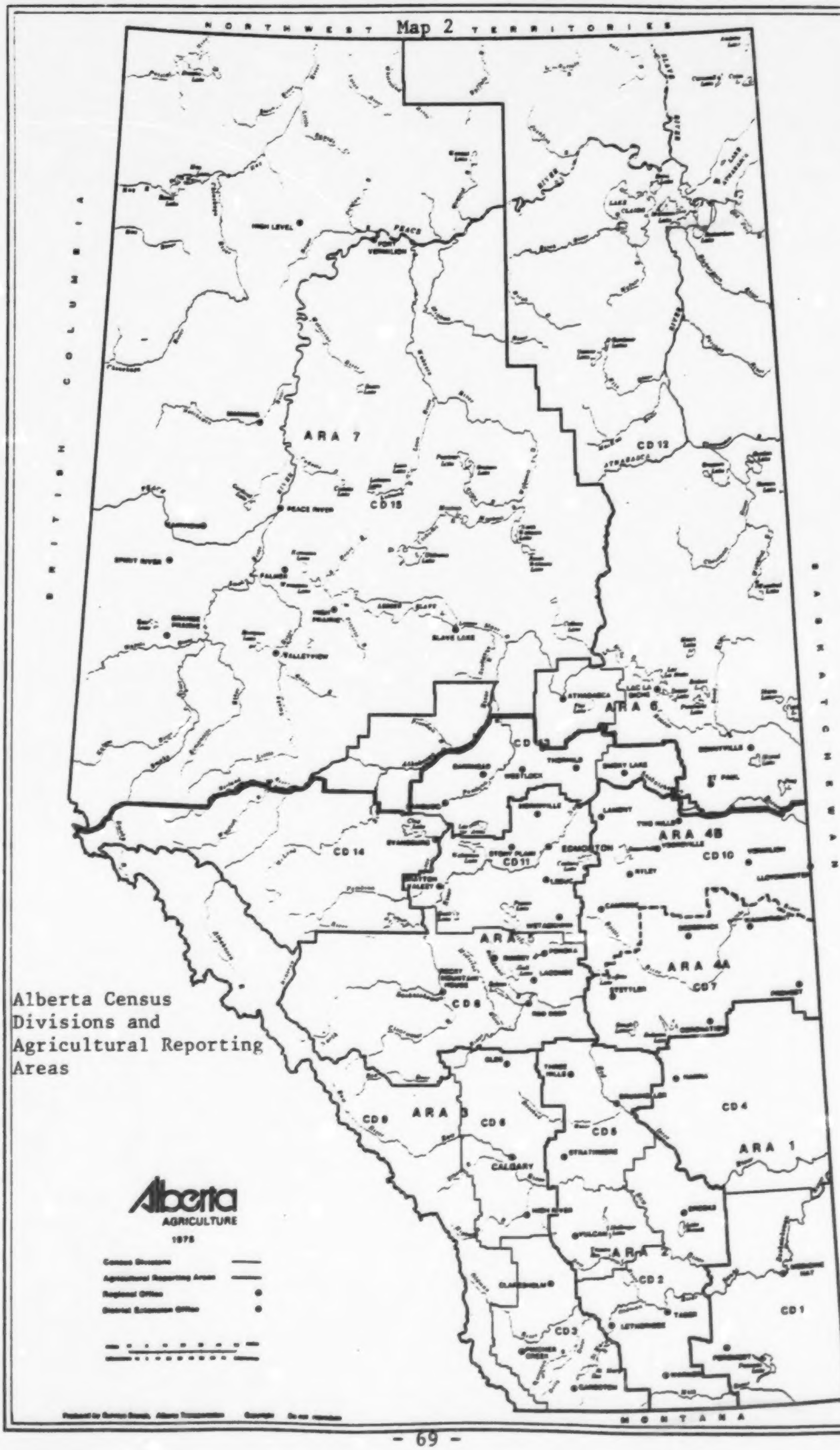
To allow for a better understanding of the NADC region and how it compares to the province as a whole, the first section of this chapter highlights some of the most current available comparative information. Following that, a second section describes several economic analyses to reflect different coverage rates and farmer options in attempting to judge the economics of crop insurance.

General Area Characteristics

NADC Farmer Ages and Off-Farm Employment: To assist the reader, a brief summary of census statistics is given. In 1981, the most recent census year, the farmers in the NADC region averaged 45 years old compared to the provincial average of 46 years old. A larger proportion of farmers in the NADC region have off-farm employment than the province as a whole because of the reduced income earning ability of the farm and the high debt levels. In 1981, 54% (over 6,400) of the region's farmers worked out as compared to 41% for the province. This indicates the need for farmers to supplement income from other sources and is a growing trend.

NADC Area in Relation to Provincial Crop Yields and Acreages: The three main crops of the NADC region are: wheat, barley and canola, although many other crops are also grown (forage seed, oats, etc.) to a lesser extent. Tables VIII.1 to VIII.3 outline average yields for the NADC area (C.D.'s 12, 13 and 15), as well as for the Red Deer - Ponoka area (C.D. 8) which will be used for comparative purposes in a later section. Most of the NADC area is found in C.D. 15, although the northern parts of C.D.'s 12 and 13 form the southern limit of the NADC area. Refer to Map 1 in Chapter 2 for an outline of the NADC area. Map 2 on the following page illustrates Census Divisions in Alberta, with the NADC area outlined as well. Table VIII.4 provides relative acreage comparisons for the main crops by Census Division (C.D.) or Agricultural Reporting Area (A.R.A.).

Map 2


NORTHWEST TERRITORIES
BRITISH COLUMBIA
SASKATCHEWAN
MONTANA
HIGH LEVEL
PEACE
FORT VERMILION
ARA 7
CD 15
CD 12
PEACE RIVER
SPIRIT RIVER
FALHER
GRANDE PRAIRIE
VALLEYVIEW
SLAVE LAKE
ATHABASCA
ARA 6
CD 13
WESTLOCK
ARA 4B
CD 14
CD 11
EDMONTON
CD 10
VERMILION
ARA 5
ARA 4A
CD 7
CD 8
RED DEER
CD 9
ARA 3
CD 6
CD 5
CD 4
ARA 1
CALGARY
ARA 2
CD 2
CD 1
CD 3
CLARESHOLM
LETHBRIDGE
Alberta
AGRICULTURE

Alberta Census Divisions and Agricultural Reporting Areas

Table VIII.1 - WHEAT YIELDS (In Bushels/Acre)

Area	5-Year Weighted Average (1980-84)	10-Year Weighted Average (1975-84)	1985
C.D. 8	41.0	40.0	30.3
C.D. 12	30.9	30.6	30.0
C.D. 13	35.1	33.8	33.9
C.D. 15	29.8	30.0	21.7
Province:	31.2	30.4	23.0

Source: Alberta Agriculture, Statistics Branch

From Table VIII.1, it is noted that wheat yields for the NADC area are not very different from the province as a whole, and in fact, in 1985, were higher in C.D.'s 12 and 13 than the province.

Table VIII.2 - BARLEY YIELDS (In Bushels/Acre)

Area	5-Year Weighted Average (1980-84)	10-Year Weighted Average (1975-84)	1985
C.D. 8	53.8	52.2	40.9
C.D. 12	45.3	43.9	43.2
C.D. 13	46.9	44.3	53.6
C.D. 15	38.5	38.2	30.9
Province:	47.5	46.3	40.4

Source: Alberta Agriculture, Statistics Branch

Based on Table VIII.2, barley yields are consistently lower in the NADC area than the province, especially in 1985 when yields were almost ten bushels per acre lower in the Peace River Region (C.D. 15), reflecting the northern drought that was experienced.

Table VIII.3 - CANOLA YIELDS (In Bushels/Acre)

Area	5-Year Weighted Average (1980-84)	1985
A.R.A. 5	23.9	22.0
A.R.A. 6	20.3	22.9
A.R.A. 7	17.3	15.1
Province	21.0	18.9

Source: Alberta Agriculture, Statistics Branch

For canola, a similar finding to barley exists, whereby yields in A.R.A. 7 are lower than the province, except for A.R.A. 6 which includes large areas south of the NADC boundary.

Table VIII.4 - AREA OF PRINCIPAL CROPS IN ALBERTA 1985
(By Census Division or Agricultural Reporting Area)
(000's Acres)

C.D.	Wheat	Barley	Oats	ARA	Canola
1	701	33	11	1	17.4
2	973	280	24	2	226.6
3	395	223	15	3	171.2
4	648	54	66	4A	441.5
5	1,138	382	40	4B	582.3
6 & 9	316	498	44	5	380.0
7	1,049	323	173	6	298.0
8	81	572	85	7	683.0
10	857	676	198		
11	135	555	160		
12	113	237	160		
13 & 14	80	508	132		
15	964	859	92		
Province	7,450	5,200	1,200		2,800.0

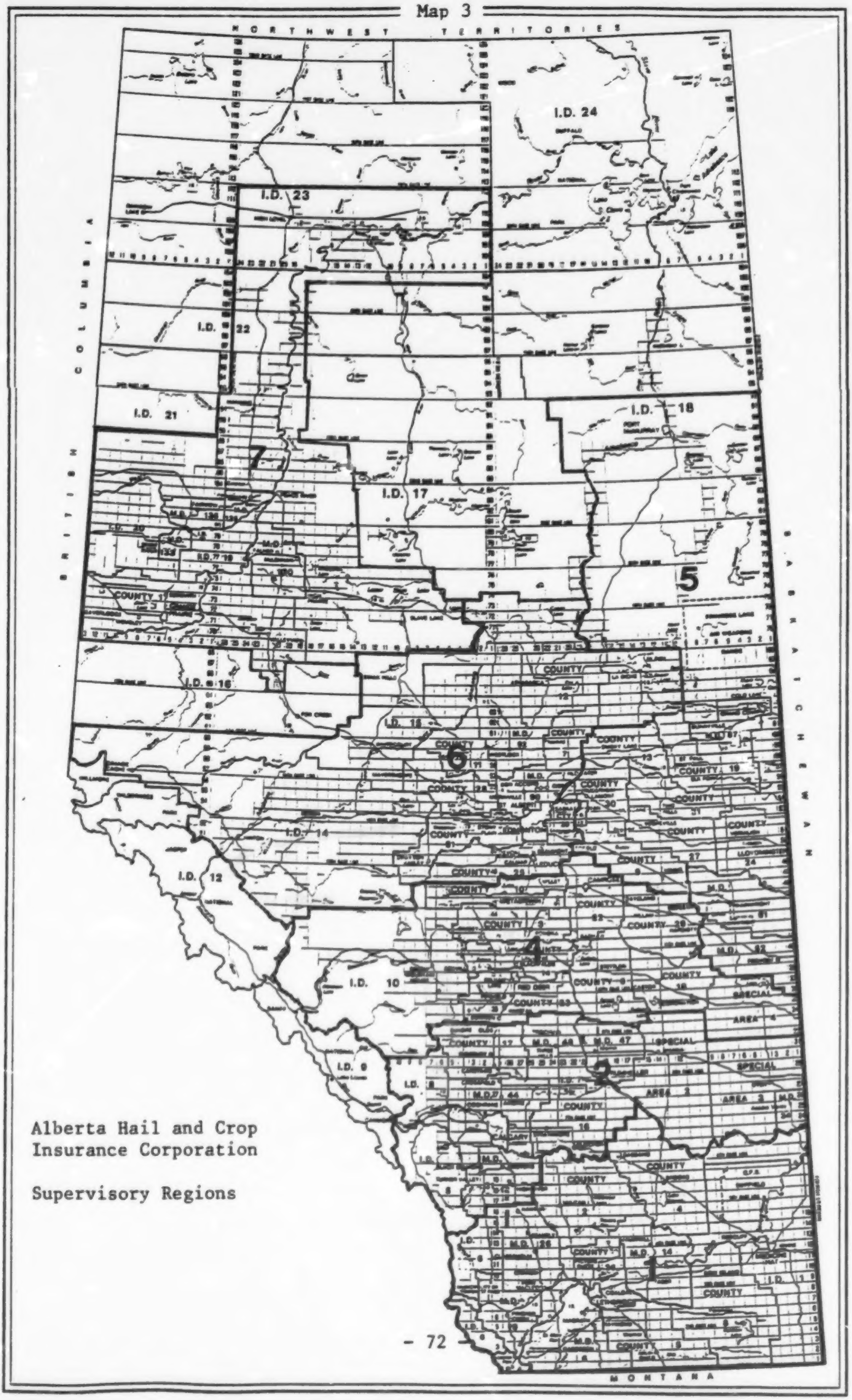
Source: Alberta Agriculture, Statistics Branch

The major crop grown in the NADC area is wheat followed closely by barley and canola. The area accounts for approximately 15 to 20% of the province's total acreage devoted to the major crops.

Alberta Hail and Crop Insurance Premiums and Payments Over 1981 to 1985

This section compares the NADC area with the balance of the province in terms of total AHCIC premiums (costs) paid by farmers and the total cash receipts (benefits) received.

Map 3


NORTHWEST TERRITORIES
BRITISH COLUMBIA
SASKATCHEWAN
MONTANA
I.D. 24
I.D. 23
I.D. 22
I.D. 21
I.D. 20
I.D. 18
I.D. 17
I.D. 16
I.D. 15
I.D. 14
I.D. 12
I.D. 10
I.D. 9
I.D. 8
1
2
3
4
5
6
7
COUNTY 17
COUNTY 12
COUNTY 19
COUNTY 27
COUNTY 28
COUNTY 30
COUNTY 31
COUNTY 22
COUNTY 23
COUNTY 16
SPECIAL AREA 4
SPECIAL AREA 3
SPECIAL AREA 2
M.D. 44
M.D. 47
M.D. 14
M.D. 26

Alberta Hail and Crop Insurance Corporation

Supervisory Regions

Table VIII.5 summarizes losses and premiums between AHCIC Supervisory Regions (SR's) (See Map 3). The NADC area includes all of SR 7 and parts of SR's 5 and 6.

Table VIII.5 - PROVINCIAL AREA COMPARISONS OF PREMIUMS AND PAYOUTS
(Crop Insurance Excluding Hail Rider)

SR	1981			1982		
	Farmer's Premium	Actual Payout	Loss/Premium Ratio	Farmer's Premium	Actual Payout	Loss/Premium Ratio
1	9,465,359	7,763,588	0.82	9,394,492	12,767,774	1.36
2	10,316,902	11,721,908	1.14	10,371,152	12,219,340	1.18
4	7,298,284	4,463,889	0.61	7,198,521	7,931,577	1.10
5	5,599,802	6,077,771	1.09	4,203,454	4,362,666	1.04
6	2,255,062	717,921	0.32	2,371,501	2,309,490	0.97
7	3,113,142	4,509,775	1.45	3,450,834	11,767,392	3.41
TOTAL	38,048,551	35,254,852		36,989,954	51,358,239	

SR	1983			1984		
	Farmer's Premium	Actual Payout	Loss/Premium Ratio	Farmer's Premium	Actual Payout	Loss/Premium Ratio
1	8,853,195	17,836,194	2.01	10,568,341	81,344,076	7.70
2	10,922,756	7,999,869	0.73	11,534,402	71,555,618	6.20
4	8,456,245	19,039,208	2.25	9,719,084	28,567,255	2.94
5	4,439,479	16,354,183	3.68	5,362,607	13,057,792	2.43
6	1,686,036	6,904,339	4.10	2,228,160	3,018,764	1.35
7	5,046,965	8,479,665	1.68	5,180,204	14,400,806	2.78
TOTAL	39,404,676	76,613,458		44,592,798	211,944,311	

SR	1985			
	Farmer's Premium	Actual Payout	Loss/Premium Ratio	1981-85 Average Loss/Premium Ratio
1	14,552,842	103,560,193	7.12	3.80
2	12,950,295	62,391,850	4.82	2.81
4	12,116,543	37,811,629	3.12	2.00
5	6,638,202	15,919,390	2.40	2.13
6	2,080,106	2,341,648	1.13	1.57
7	6,094,700	28,956,163	4.75	2.81
TOTAL	54,432,688	250,980,873		

Source: Alberta Hail and Crop Insurance Corporation

With the exception of 1981, most of the Regions have received hail* and crop insurance payments exceeding actual farmer contributions. The 1981-85 average Loss/Premium Ratio shows that the southern Region (SR 1) had the highest relative payout followed by the South Central and Peace River Regions (SR's 2 and 7). Central Regions proved most stable over the past five years although they too suffered losses.

A comparison has been made between the Peace Region (SR 7, comprising the largest part of the NADC area) and the rest of Alberta which indicates the total liability, farmer premium, and liability to premium ratios for the past five years (Table VIII.6).

Table VIII.6 - CROP INSURANCE LIABILITY AND PREMIUM
(Peace Region and Balance of Alberta)

	1981	1982	1983	1984	1985	1981-85 Average
Peace Region:						
Total Liability	$33,870,791	$40,503,902	$75,337,225	$77,697,915	$94,316,303	-
Farmer Premium	3,113,142	3,450,834	5,046,965	5,180,204	6,094,700	-
Liability:Premium Ratio	10.88	11.74	14.93	15.00	15.48	13.61
Balance of Alberta:						
Total Liability	$449,276,839	$506,880,278	$588,262,738	$683,141,410	$768,718,773	-
Farmer Premium	34,935,409	33,539,120	34,357,711	39,412,594	48,337,988	-
Liability:Premium Ratio	12.86	15.11	17.12	17.33	15.90	15.66

Source: Alberta Hail and Crop Insurance Corporation.

* Hail coverage as a rider to all-risk crop insurance.

Based on the past five years, the liability to premium ratio has been consistently higher for the "Balance of Alberta" than in the Peace. The average ratio, for the period 1981 to 1985, is 13.61 for the Peace and 15.66 for the balance of Alberta. Stated simply, this means that farmers in the Peace region were getting $13.61 coverage for every dollar they spent on insurance compared to the $15.66 worth of coverage for a dollar spent by a farmer in another area*.

The provincial government provides a High Risk Subsidy in cases where premiums are high as a result of unfavourable crop-loss experience. The amount of the subsidy and actual percentage contribution to total crop insurance premiums are shown in Table VIII.7.

The provincial government has subsidized crop insurance more than twice as much (in dollars) in the Peace Region than in the rest of the province. On the average between 1981 and 1985, over 17% of the premiums paid for crop insurance in the Peace were paid for by the government of Alberta. The subsidy is roughly equivalent to the 15% difference in cost of coverage (liability to premium ratio) shown in Table VIII.6.

A number of findings are apparent from the tables:

- Area 6 has one of the most stable loss to premium ratios over the last five years (only one time > 1.35).
- Only in 1981 are payouts less or about equal to farmer premiums for most of the areas; in all other years, especially in 1984 and 1985, payouts exceed premiums paid by farmers.
- In all five years, areas 7 and 5 exhibit higher losses than farmer premiums.
- Peace area producers have, over the past five years, not been able to purchase as much insurance for their dollar (not counting the High Risk Subsidy) as farmers in other parts of Alberta. By 1985, this disparity had dwindled considerably.

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* When grouping all producers for the "rest of Alberta". Individual premiums will vary considerably in all parts of the province.

- Provincial High Risk Subsidies on crop insurance have been consistently high in northern Alberta, equating closely to the difference in cost of coverage between the Peace Region and the rest of Alberta.

Table VIII.7 - PROVINCIAL PREMIUM SUBSIDY

SR	1981		1982		1983	
	Prov. Subsidy	% Total Premium	Prov. Subsidy	% Total Premium	Prov. Subsidy	% Total Premium
1	298,480	2.60%	198,895	1.79%	172,252	1.51%
2	160,003	1.46%	121,490	1.11%	149,759	1.37%
4	91,011	1.29%	90,219	1.33%	92,392	1.19%
5	139,504	1.64%	147,147	2.57%	209,935	3.36%
6	145,398	5.85%	156,447	5.71%	295,434	10.55%
7	587,345	10.53%	661,697	10.34%	2,870,699	20.61%
TOTAL	1,421,741		1,375,895		3,790,471	

SR	1984		1985		1981-85	1981-85
	Prov. Subsidy	% Total Premium	Prov. Subsidy	% Total Premium	Total Subsidy	Average % of Premium
1	85,792	0.69%	241,270	1.25%	996,689	1.57%
2	130,385	1.25%	202,459	1.94%	764,096	1.43%
4	79,569	0.94%	118,456	1.40%	471,647	1.23%
5	257,216	3.57%	222,318	3.08%	976,120	2.84%
6	310,326	8.85%	324,340	9.25%	1,231,945	8.04%
7	3,060,291	21.50%	3,280,221	23.05%	10,460,253	17.21%
TOTAL	3,923,579		4,389,064		14,900,750	

Source: Alberta Hail and Crop Insurance Corporation.

Economic Analysis

For the economic analysis, a model farm was tested under 11 conditions in a partial budgeting framework. This allows for testing of a number of assumptions and conditions that northern farms exhibit. In addition, eight other case scenarios for the Red Deer region are provided to allow for a "north-south" comparison. Crop prices used in the analysis are reported below.

Alberta Crop Prices: Crop prices are generally difficult to report because of the various market channels and grade/quality levels of a crop for a particular year. Statistics Canada and Alberta Agriculture allow for such variables by calculating an Average Farm Value (all farms) for the major crops which includes sales to the Canadian Wheat Board, off-board and farmer to farmer in addition to grade variation. The current prices for the main crops are shown below in Table VIII.8.

Table VIII.8 - ALBERTA CROP PRICES 1980-1985

Year	Wheat	Barley	Canola
1980-81	$5.36/bu	$3.03/bu	$6.38/bu
1981-82	5.03	2.50	6.33
1982-83	4.54	1.96	6.30
1983-84	4.71	2.53	8.60
1984-85	4.44	2.71	7.98
Average	$4.81/bu	$2.55/bu	$7.11/bu
Rounded to nearest $0.25	$4.75/bu	$2.50/bu	$7.00/bu

Source: Alberta Agriculture, Statistics Branch

Crop yields for the areas are taken from Tables VIII.1 to VIII.3.

Case I - Average Year: Table VIII.9 outlines the assumed conditions for an average year over 1981 to 1985 on an 800 acre farm in the NADC region. Crop insurance rates for 1986 were averaged to allow for the two price options, both bushel coverage options and all three soil classes. Appendix IV provides the 1986 AHCIC premium sheets for the Peace River Region. Using the prices, yields and crop rotation discussed earlier, a net farm revenue (before tax) was calculated after subtracting direct cash costs associated with growing the crops of wheat, barley and canola. Results of the farm analyses show that without crop insurance, the average year scenario results in a net profit of $30,230 after all cash expenses; if crop insurance is purchased, only $27,930 is left.

TABLE VIII.9. CASE I: AVERAGE YEAR

(800-ACRE FARM IN NADC REGION)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	30	40	20	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$142.50	$100.00	$140.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$4.10	$3.00	$3.83	$0.00
TOTAL CASH COSTS/ACRE		$79.10	$78.00	$78.83	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$63.41	$22.00	$61.18	($12.00)
NET INCOME+CROP INS./AC.		$63.41	$22.00	$61.18	($12.00)
NET REVENUE/CROP		$13,949	$5,501	$10,400	($1,920)
FARM NET INCOME WITH C.I.			$27,930		
FARM NET INCOME WITHOUT C.I.			$30,230		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: High-Low Price Average, 60-70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

Case II - Below Average Year - Low Price and Yield Option: In this scenario (Table VIII.10), a 25% below normal year for the region is used (a year very similar to 1985). Prices are left unchanged from the previous scenario, but yields are reduced 25% and the Low-Price, Low-Yield crop insurance purchase option is used. Net farm income, as previously defined, results in $10,193 profit without purchasing crop insurance or receiving any crop insurance proceeds. If crop insurance is purchased at a cost of approximately $1,600, the net farm income declines to $8,605 profit. Under the yield reduction assumed of 25%, no yield claim is possible. Therefore, purchasing crop insurance would only have a negative effect on net farm income.

Case III - Below Average Yield - High Price and Yield Option: This scenario (Table VIII.11) represents the High-Price, High-Yield crop insurance option in a below average year. All variables except coverage are held constant as in Case II. Net farm income is calculated to be about $10,193, but after crop insurance is bought, net farm income declines to $7,065. A 25% reduction in yield (the assumption made here) does not put the farmer in a claim position, even with the high price and high coverage options. In this case, however, the farmer's costs of production are covered although little extra money remains to cover other payments and living costs.*

Cases IV and V - Margin Years: Two final scenarios are labelled "Margin Year" because, based on our understanding of the Alberta Hail and Crop Insurance Program, the yields depicted in the tables (VIII.12 and VIII.13) represent the approximate minimum yield attainable before a crop insurance claim can be made. An average of all three soil classes found in the Peace River Region (B-C-D) and an even standing on good experience coverage have been assumed. In reality, these conditions will vary from farm to farm based on experience levels and soil type.

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* Living costs on a NADC farm are from $11,000 to $18,000 per family.

TABLE VIII.10. CASE II: 25% BELOW AVERAGE YEAR

(LOW PRICE, LOW COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	22.5	30	15	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$106.88	$75.00	$105.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.84	$2.16	$2.49	$0.00
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$29.04	($2.16)	$27.51	($12.00)
NET INCOME+CROP INS./AC.		$29.04	($2.16)	$27.51	($12.00)
NET REVENUE/CROP		$6,389	($540)	$4,676	($1,920)
FARM NET INCOME WITH C.I.			$8,605		
FARM NET INCOME WITHOUT C.I.			$10,193		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.11. CASE III: 25% BELOW AVERAGE YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	22.5	30	15	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$106.88	$75.00	$105.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$5.55	$3.92	$5.45	$0.00
TOTAL CASH COSTS/ACRE		$80.55	$78.92	$80.45	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$26.32	($3.92)	$24.55	($12.00)
NET INCOME+CROP INS./AC.		$26.32	($3.92)	$24.55	($12.00)
NET REVENUE/CROP		$5,791	($979)	$4,173	($1,920)
FARM NET INCOME WITH C.I.			$7,065		
FARM NET INCOME WITHOUT C.I.			$10,193		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.12. CASE IV: MARGIN YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S´FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	19	24	12	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$90.25	$60.00	$84.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$5.55	$3.92	$5.45	$0.00
TOTAL CASH COSTS/ACRE		$80.55	$78.92	$80.45	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$9.70	($18.92)	$3.55	($12.00)
NET INCOME+CROP INS./AC.		$9.70	($18.92)	$3.55	($12.00)
NET REVENUE/CROP		$2,133	($4,729)	$603	($1,920)
FARM NET INCOME WITH C.I.			($3,913)		
FARM NET INCOME WITHOUT C.I.			($785)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.13. CASE V: MARGIN YEAR

(LOW PRICE, LOW COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	16.5	21	10.5	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$78.38	$52.50	$73.50	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.84	$2.16	$2.49	$0.00
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$0.54	($24.66)	($3.99)	($12.00)
NET INCOME+CROP INS./AC.		$0.54	($24.66)	($3.99)	($12.00)
NET REVENUE/CROP		$119	($6,165)	($679)	($1,920)
FARM NET INCOME WITH C.I.			($8,645)		
FARM NET INCOME WITHOUT C.I.			($7,058)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

For both cases, under the assumptions outlined, the model farm achieves a net loss position with crop insurance. Case V, the minimum coverage (Low-Price, Low-Yield) scenario, results in a loss of $8,645; Case IV, with the high coverage options (High-Price, High-Yield), results in a lower loss of $3,913. The loss is lower in Case IV because assumed yields* were higher. However, for both cases, the farm does not do well in a marginal crop year.

It is interesting to note that the last time wheat yields fell below 20 bushels/acre for the Peace River Region was in 1969 when the yield was 19.2 bushels/acre. Similarly with barley and canola, yields fell below 25 and 12 bushels/acre that same year. Under comparable climatic conditions today, it is unlikely that the yields would decline to such levels due to improved crop varieties and cultural practices.

Cases VI to IX - Below Margin Years: From the analyses made to this point, it appears that in all cases, based on existing program assumptions, it does not pay to purchase crop insurance. This supports the findings of the farm interviews. However, the purpose of purchasing crop insurance is not to make a return on the investment at all times. In a case where crop yields fell to levels below the "margin", as shown in Cases IV and V, payout would prevent further losses. Cases VI through IX illustrate the results for yields at 70% below average and the extreme of zero bushels per acre. The benefits of purchasing crop insurance are evident at such low yield levels. Several factors may influence a decision to purchase insurance such as: reduced uncertainty, ease of planning, creditor's requirements and reduced financial risk. The cost of the insurance must be weighed against the farmer's own risk level and experience record to see if purchase is warranted. This conclusion is supported by a recent publication outlining Crop Insurance program purchase decisions for farmers by Alberta Agriculture.

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* That is, the claimable yield is higher.

TABLE VIII.14. CASE VI: 70% BELOW AVERAGE YEAR

(LOW PRICE, LOW COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	10	13	7	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$47.50	$32.50	$49.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.84	$2.16	$2.49	$0.00
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00
CROP INSURANCE CLAIMS		$20.27	$14.50	$14.07	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($30.33)	($44.66)	($28.49)	($12.00)
NET INCOME+CROP INS./AC.		($10.06)	($30.16)	($14.42)	($12.00)
NET REVENUE/CROP		($2,214)	($7,540)	($2,452)	($1,920)
FARM NET INCOME WITH C.I.			($14,126)		
FARM NET INCOME WITHOUT C.I.			($23,015)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.15. CASE VII: 70% BELOW AVERAGE YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	10	13	7	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$47.50	$32.50	$49.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$5.55	$3.92	$5.45	$0.00
TOTAL CASH COSTS/ACRE		$80.55	$78.92	$80.45	$12.00
CROP INSURANCE CLAIMS		$36.31	$22.90	$31.12	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($33.05)	($46.42)	($31.45)	($12.00)
NET INCOME+CROP INS./AC.		$3.26	($23.52)	($0.33)	($12.00)
NET REVENUE/CROP		$717	($5,879)	($57)	($1,920)
FARM NET INCOME WITH C.I.			($7,139)		
FARM NET INCOME WITHOUT C.I.			($23,015)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.16. CASE VIII: ZERO-YIELD YEAR

(LOW PRICE, LOW COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	0	0	0	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$0.00	$0.00	$0.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.84	$2.16	$2.49	$0.00
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00
CROP INSURANCE CLAIMS		$52.97	$39.98	$45.85	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($77.84)	($77.16)	($77.49)	($12.00)
NET INCOME+CROP INS./AC.		($24.86)	($37.18)	($31.64)	($12.00)
NET REVENUE/CROP		($5,470)	($9,295)	($5,379)	($1,920)
FARM NET INCOME WITH C.I.			($22,065)		
FARM NET INCOME WITHOUT C.I.			($49,920)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.17. CASE IX: ZERO-YIELD YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	0	0	0	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$0.00	$0.00	$0.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$5.55	$3.92	$5.45	$0.00
TOTAL CASH COSTS/ACRE		$80.55	$78.92	$80.45	$12.00
CROP INSURANCE CLAIMS		$77.11	$52.67	$75.57	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($80.55)	($78.92)	($80.45)	($12.00)
NET INCOME+CROP INS./AC.		($3.44)	($26.25)	($4.88)	($12.00)
NET REVENUE/CROP		($757)	($6,561)	($830)	($1,920)
FARM NET INCOME WITH C.I.			($10,069)		
FARM NET INCOME WITHOUT C.I.			($49,920)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

Table VIII.18 - SUMMARY OF FARM NET INCOME IN BELOW MARGIN YEARS

	With CI	Without CI
Case VI - 70% Below Average, Low Coverage	($14,126)	($23,015)
Case VII - 70% Below Average, High Coverage	(7,139)	(23,015)
Case VIII - Zero Yield, Low Coverage	(22,065)	(49,920)
Case IX - Zero Yield, High Coverage	(10,069)	(49,920)

Mixed Enterprise Analysis: The same economic analysis was carried out for a mixed farming operation, with the farm income source split evenly between livestock and crops in a "normal" year. All comparable spreadsheets are shown in the Appendix. The results support the typical recommended management practice of diversification.

Unfortunately, producers in the NADC region generally have to rely on crops as the main source of farm income. The access to markets and soil and topography, typical of the region, makes it most suited to crop production and less suited to extensive livestock or intensive livestock farms. The farmers in turn bear all of the risks associated with this specialization and reliance on one main income source. This practice may in part be responsible for the higher than average percentage of area farmers having to work off the farm.

In the Average Year (similar to Case I, but with a livestock enterprise added), equal revenue was generated from the crop and livestock enterprise. In the balance of the scenarios, where crop yields are shown to decline and livestock enterprise is assumed constant, any losses incurred are halved because only one-half of the operation was in crops, and no price effect has been assumed on livestock feed costs. The same analysis can be carried out to prove instability in the livestock industry, but the main purpose of this analysis was to illustrate possible impacts of below average crop production years on a more diversified operation.

The results indicate that crop insurance would have similar effects on a mixed farm as on a pure grain farm. However, an additional enterprise is assumed to add diversity and stability to the farm and the effects of low crop yields would be reduced.

Cases X, XI and XII - New Insurance Approach - Based on Individual Input Costs: A desired suggestion that came through repeatedly, both at the focus-groups and during individual interviews, would be the ability to insure input costs instead of crop yields. To design a crop insurance program based on input costs would be preliminary at this stage but we have provided some scenarios that may be useful.

Case X (Table VIII.19) shows an average year example together with the minimum (Low-Price, Low Coverage) options. The cost of crop insurance in this case is $1,800. Case XI (Table VIII.20) uses a crop insurance program premium at double the cost of the previous one. These rates represent the assumed premiums for "Individual Input Costs" coverage. The insurance costs are now $3,700 for the average year based on $75/acre cash costs plus insurance. The farmer's insurance cost would be double what it was.

Using a previously described scenario (Case V - Margin Year), the "new" insurance program results in a claim payable to the farm, estimated at $5,138. Case XII (Table VIII.21) demonstrates where the basic insurance program would not yet pay out; in this case, revenue without crop insurance would be -$7,058, whereas insuring production costs, a revenue of -$1,920 results, which is equal to the cost of summerfallow. Under the changed coverage and payouts, it is more feasible to buy crop insurance.

Cases XIII to XXI - North-South Comparison - In response to the many concerns expressed by producers in the NADC area about differences in coverage levels between northern and southern parts of Alberta, several additional cases have been provided. Risk Area 6, Red Deer - Ponoka, has been examined based on the same assumptions used for the previous cases. Provincial crop prices were used and average yields have been based on Statistics Canada information. The spreadsheets, outlining all assumptions made, are included in the Appendix.

TABLE VIII.19. CASE X: AVERAGE YEAR

(LOW PRICE, LOW COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	30	40	20	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$142.50	$100.00	$140.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.84	$2.16	$2.49	$0.00
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$64.67	$22.84	$62.51	($12.00)
NET INCOME+CROP INS./AC.		$64.67	$22.84	$62.51	($12.00)
NET REVENUE/CROP		$14,226	$5,710	$10,626	($1,920)
FARM NET INCOME WITH C.I.			$28,642		
FARM NET INCOME WITHOUT C.I.			$30,230		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.20. CASE XI: INPUT COST CASE

(AVERAGE YEAR IN NADC REGION)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	30	40	20	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$142.50	$100.00	$140.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$6.50	$5.00	$6.00	$0.00
TOTAL CASH COSTS/ACRE		$81.50	$80.00	$81.00	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$61.00	$20.00	$59.00	($12.00)
NET INCOME+CROP INS./AC.		$61.00	$20.00	$59.00	($12.00)
NET REVENUE/CROP		$13,420	$5,000	$10,030	($1,920)
FARM NET INCOME WITH C.I.			$26,530		
FARM NET INCOME WITHOUT C.I.			$30,230		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** Based on approximately double the 1986 Low-Price and Low-Yield Options for Risk Area 11.

TABLE VIII.21. CASE XII: INPUT COST CASE

(MARGIN YEAR IN NADC REGION)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	16.5	21	10.5	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$78.38	$52.50	$73.50	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$6.50	$5.00	$6.00	$0.00
TOTAL CASH COSTS/ACRE		$81.50	$80.00	$81.00	$12.00
CROP INSURANCE CLAIMS		$3.13	$27.50	$7.50	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($3.13)	($27.50)	($7.50)	($12.00)
NET INCOME+CROP INS./AC.		$0.00	$0.00	$0.00	($12.00)
NET REVENUE/CROP		$0	$0	$0	($1,920)
FARM NET INCOME WITH C.I.			($1,920)		
FARM NET INCOME WITHOUT C.I.			($7,058)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** Based on approximately double the 1986 Low-Price and Low-Yield Options for Risk Area 11.

The results of the Red Deer area analysis proved interesting and are shown in Table VIII.31 along with the other cases. In all cases, where yields were 25% or 70% below average, and zero, a positive farm net income was possible after covering the $75 per acre cash costs plus insurance. In the latter two cases, a positive result was only possible with the high coverage options. These results are considerably different than those obtained for Risk Area 11 (Peace River) because coverage levels are higher and will essentially cover the assumed costs for wheat, barley and canola production. In Risk Area 11, a cash loss can result even under high coverage options.

A summary of all 21 cases is provided in Table VIII.31 below:

Table VIII.31 - SUMMARY OF FARM NET INCOMES

NADC (Risk Area 11) Cases	With CI	Without CI
Case I - Average Year, Average Options	$27,930	$30,230
Case II - 25% Below Average Year, Low Options	8,605	10,193
Case III - 25% Below Average Year, High Options	7,065	10,193
Case IV - Margin Year, High Options	(3,913)	(785)
Case V - Margin Year, Low Options	(8,645)	(7,058)
Case VI - 70% Below Average Year, Low Options	(14,126)	(23,015)
Case VII - 70% Below Average Year, High Options	(7,139)	(23,015)
Case VIII - Zero Yield Year, Low Options	(22,065)	(49,920)
Case IX - Zero Yield Year, High Options	(10,069)	(49,920)
Case X - Average Year, Low Options	28,642	30,230
Case XI - Average Year, Input Cost Case	26,530	30,230
Case XII - Margin Year, Input Cost Case	(1,920)	(7,058)
Red Deer (Risk Area 6) Cases		
Case XIII - Average Year, Average Options	50,317	52,375
Case XIV - 25% Below Average Year, Low Options	25,276	26,660
Case XV - 25% Below Average Year, High Options	24,464	26,660
Case XVI - Margin Year - High Options	13,316	16,160
Case XVII - Margin Year - Low Options	6,761	8,145
Case XVIII - 70% Below Average Year - Low Options	(2,731)	(19,050)
Case XIX - 70% Below Average Year - High Options	8,861	(19,050)
Case XX - Zero Yield Year - Low Options	(11,727)	(49,920)
Case XXI - Zero Yield Year - High Options	5,479	(49,920)

Summary

Over the past five years, southern Alberta farmers have experienced higher losses than northern farmers relative to the premiums they paid. On average, the loss to premium ratio was 3.8 for the south versus 2.8 for the north. In addition, northern farmers have not been able to buy as much insurance for their dollar as farmers in other parts of the province - $13.61 versus $15.66 worth of coverage per dollar premium. However, this disparity, albeit based on differences in relative risk levels, is shrinking. In 1985, the north was buying $15.48 of insurance per dollar spent compared to $15.90 for the balance of the province. As well, the provincial High Risk subsidy has also curtailed the difference between areas. Over the last five years, northern (Peace area) farmers had their crop insurance subsidized by over 17% as compared to about a 1.5% subsidy for the southern regions.

Based on the assumptions made in the Economic Analysis section regarding production costs, prices, yields and coverage levels, the existing Hail and Crop Insurance Program can fall short of assuring producers in the NADC area the coverage they require under adverse growing conditions. A sizable negative income can result in an operation even when insured to the maximum coverage level.

In none of the first five cases analyzed of the 800 acre model farm was it advantageous to buy crop insurance. However, without insurance the producer will carry all of the risk. Further yield reductions, below those shown, triggered a crop insurance payment and reduced further losses. With a pure grain enterprise, yields and prices can decline to a point where gross revenue is below input costs, even with crop insurance coverage. However, crop insurance will reduce risk when yields fall below the "margin year" examples and protect a portion of the producer's input costs.

Devising rates for a new crop insurance program was beyond the scope of this study. However, a possible alternative to the existing program may be one based on input costs. A great deal of work would be needed to estimate premium rates and methods of monitoring, but the result may be an assured level of payment in the event of a crop failure, in addition to the possible increased use of inputs. A preliminary analysis of an "input costs" program shows that it can be feasible to purchase crop insurance.

The final set of cases dealt with the Red Deer Region for comparative purposes with the NADC area. Based on the same crop prices, crop rotation and input costs, it was shown that crop insurance would serve as better protection in central Alberta than in the northern area being studied. Yield levels were higher on average which resulted in higher levels of coverage. At the same costs of production, less risk is carried in an area where crop yields are typically higher than in a lower-yield region like the NADC area.

The conditions and premium levels associated with such a program will have to be acceptable to the purchasers - the farmers. The program would go beyond insuring production loss; it would also be insuring against price decline. In the previous interview section, a high degree of producer willingness to pay greater premiums was noted; however, how much more they would pay was not assessed.

IX SUMMARY AND CONCLUSIONS

This study was commissioned to gain insight into hail and crop insurance and the implications for northern Alberta farmers. Three primary objectives were:

- to review comparable existing programs in other areas of Canada and the U.S.A. and related crop insurance research.
- to undertake a comprehensive survey of northern farmers, Alberta government and agricultural industry professionals to obtain insights into strengths/weaknesses of the existing program and provide recommendations for improvements.
- to make a benefit/cost analysis of the current Alberta Hail and Crop Insurance Program as it affects farmers in the NADC area.

The objectives were addressed and the results have been reported in this study. The literature and program review provided background and a comparison of the Alberta program with others in comparable areas. Farmer attitudes and needs have been obtained and ranked. A benefit/cost analysis, outlining relative crop insurance contributions and payouts coupled with a case farm scenario approach, has been carried out to quantify hail and crop insurance effects on NADC farmers.

Sources of data employed in the study included interviews and discussions with 157 northern Alberta farmers and 23 industry professionals employed in agriculture service or advisory roles. In addition, data and information were provided by the Alberta Hail and Crop Insurance Corporation, Statistics Canada, Alberta Agriculture and the Canada, Manitoba, Saskatchewan, British Columbia and U.S. government agriculture and crop insurance departments.

Based on the analysis conducted, conclusions have been summarized below for each study section.

Crop Insurance Program Review

The program review showed that all provincial crop insurance plans

(B.C., Alberta, Saskatchewan and Manitoba) are quite similar. Differences may arise, however, in relative rates charged, efficiency of administration, price levels, method of risk assessment and so on. None of these differences can be fully assessed without detailed surveys of producers and industry in those Provinces, much like the surveys conducted for this study.

From our review of documents and based on limited interviews, it can be concluded that the Alberta Hail and Crop Insurance Corporation offers a program with features very similar to those offered in other provinces. However, the farmer participation rate is lower based on the number of potential farms (by census farm definition). Any differences in level of producer satisfaction between provinces may be attributable to factors particular to administration and procedures under each province's jurisdiction.

Producer Survey

A total of 157 farmers were surveyed in 14 meetings throughout the NADC area. On-farm interviews and focus-group meetings were employed as the means to collect the information. The 14 meeting locations selected were: Fort Vermilion, Hawk Hills, Manning, Fairview, Spirit River, Valleyview, Beaverlodge, Grande Prairie, Bonnyville, St. Paul, Falher (two meetings) and Athabasca (two meetings).

The questionnaire results have been outlined in detail in the text. However, several points should be reiterated. The producers surveyed represented quite a diverse range of farm sizes, experience levels and income.

The majority of farmers surveyed purchase crop insurance, with over 30% of them subscribing to individual coverage. Producers were asked for information on their estimates of crop loss in 1985 and their actual crop insurance payment. Losses averaged $61,300 over a group of 46 producers while the average value of crop insurance payments reported was $22,100. This yields a loss to payment ratio of 2.8, meaning estimated actual losses were 2.8 times payment received. Over

63% of the producers making a claim believed the compensation received was not fair.

Most producers considered themselves moderately informed about the current program and options, although almost 60% of those surveyed thought crop insurance was not a good investment for their farm. In addition, rates were deemed too high and coverage too low. The majority (98%) felt that coverage rates and premiums were not fair for all parts of Alberta and that southern Alberta was getting more benefits. Most producers (71%) surveyed would pay more for crop insurance if it was better designed to meet their needs. Based on questionnaire responses, the five ranked changes they would like to see were:

1. Base coverage on input costs.
2. Increase coverage levels.
3. Provide spot-loss coverage under the all-risk plans.
4. Further encourage farms to go on individual coverage.
5. Provide more reward (through higher coverage and lower premiums) for good experience.

Industry Interviews

Twenty-three industry professionals (non-AHCIC) who farmers often visit for advice on crop insurance decisions were also interviewed. These professionals thought farmers had a negative attitude towards crop insurance. In their opinion, input costs and yields attainable have risen quickly and crop insurance levels have not responded to reflect this. They do, however, believe crop insurance reduces risk and that producers in high risk situations would still be advised to insure.

The three main program changes recommended were:

1. Increase coverage levels to account for input costs.
2. Implement individual coverage for all producers.
3. Monitor program abuse more closely.

The first two suggested program changes listed above coincide closely with the suggestions obtained from the questionnaire results and focus-group meetings: increase coverage, base it on input costs and have each farmer on individual coverage. The third recommendation derived from the industry interviews dealt with farmer abuse of the program. This is not as big of a concern with producers themselves.

Producer Focus-Group Findings

Fourteen focus-group meetings were held to gather the majority of producer data for this study. The focus-group meetings provided two means of obtaining information. Each producer completed a detailed questionnaire on their particular operation. The group was then asked to come to a consensus and rank the items they deemed most important for change. The results of each individual group are listed in Chapter VII. A set of consolidated program changes was derived and is listed below.

1. Coverage should be based on input costs.
2. Revise the good experience rating system.
3. Expand use of individual coverage.

The main program concern for beekeepers coincided with Item 1 above, base coverage on input costs rather than on production. These items follow very closely to the ranking obtained from the questionnaire results discussed previously.

Producers want a system in place that will assure their input costs. In general, they do not feel that the Program now in place is satisfactory. The suggestions of revising the good experience rewards and increased individual coverage are complementary to the first point. Producers surveyed wanted to earn their living from farming and saw insurance as an input expense with the sole purpose of assuring costs of production. They did not seem concerned that such a plan would work to alleviate both price and yield declines but rather as an assured dollar value of inputs. The requests for better good performance rewards and a workable individual coverage program were deemed to give more flexibility to the producer and would allow independence from conditions on neighbouring farms.

Economic Analysis

Several farm case scenarios were used to generate information on crop insurance costs and conditions for claim. A model farm of 800 acres was used in a partial budgeting method. Without attempting to address specific aspects of crop insurance claims, assessments and payouts, an easy-to-understand approach was developed and yielded some interesting conclusions.

The most important finding showed that considerable cash loss was possible, even at moderate input costs of about $75 per acre. The levels of coverage currently offered are perceived as not meeting the needs of NADC area producers. From the first five analyses made of the model farm, it does not pay to purchase crop insurance under existing program conditions. This supports interview findings. However, if lower than illustrated yields were obtained, Crop Insurance would cushion against further losses. The probability of obtaining lower than "margin" yields would have to be assessed by each producer. It was also shown that operational risk increases with specialization, particularly in the NADC area, where the majority of producers rely largely on grains and oilseeds for their main source of income. Additional research was conducted to illustrate cases for the Red Deer region. The analysis showed that such sizable losses were not possible, under the assumptions made, because coverage levels were higher reflecting generally higher expected yields. Northern conditions do put NADC farmers at a disadvantage when producing crops and crop insurance coverage can fall short of meeting production costs.

The economic analysis, using Alberta Hail and Crop Insurance Corporation data, showed that the loss to premium ratio (based on farmer premiums) has been higher in southern Alberta between 1981 and 1985 than in the northeast, northwest or Peace River districts (all or parts of which are encompassed by the NADC Region). This finding (although based on the previous 5 years' data) would support a review of risk and payout differences between regions. The High Risk Subsidy paid by the Provincial Government has consistently favoured northern Alberta. However, it has had the effect of equalling out the differences between northern and southern districts. Insurance has typically been more expensive relative to coverage in the Peace region as compared to the balance of the province.

Recommendations of the Study

The recommendations outlined below are made based on grouped program needs as perceived by the producers. Specific area needs are outlined in Chapter VII. The survey results were highly consistent throughout the NADC area and between producers and industry professionals. In addition, the economic analysis supported most of the information gathered from the interviews. We consider the recommendations worthy of consideration and would support efforts put forth to meet the crop insurance needs of producers in the NADC area. Meeting these requests should reflect NADC area producers' needs in purchasing hail and/or crop insurance in addition to strengthening the image that the Alberta Hail and Crop Insurance Corporation is flexible and receptive to change.

The main recommendations, based on a consolidation of focus-group and in-person producer surveys and industry professionals, are noted below.

1. Coverage should be based on input costs, allowing more flexibility for producers to insure to the level they wish. At present, coverage does not reflect the level of inputs used by producers, only production level. As well, no insurance is available to insure against adverse price movements which can be as detrimental to farm income as a crop failure.
2. Individual Coverage should be made more attractive as an option for producers to base coverage on their own operation. Coverage was considered too low and producers require a program that will be designed to meet their individual needs, whether to insure only a part of their production or more than 100% of it, depending on debt load and cash needs.
3. Revise the "Good Experience" rating system to provide more reward to those producers with a good record of performance. Program abuse could foreseeably be reduced as a result.

4. Allow spot-loss coverage (i.e. 160 acre parcels) under the Crop Insurance Plan. At present, the total acreage of each crop is averaged to estimate yield.
5. Supply more information to producers. In particular, there exists a real need to disseminate more information on the program, its options and associated policies and procedures.
6. Revise the plowdown policy to allow plowdown if the crop is not economical to harvest. This may be achieved through earlier assessment and establishing minimum yield levels that would be considered inadequate to cover harvesting costs. If the crop is determined to be a failure, earlier plowdown would result in more summerfallow crops the following year.
7. Provide a larger payment for snowed under crops in the form of an advance on the current crop or as a lien against the following year's crop, even if the crop is harvested in spring.
8. Premium rates are considered to be too high for coverage provided. A review of insurable rates should be conducted.
9. A complete revision of program dates is considered necessary. In addition to the plowdown date mentioned in Recommendation 6, seeding dates could be revised forward to more closely resemble those for northern B.C., the crop insurance payment deadline should be moved to a later date (perhaps November 30), and the crop election deadline was deemed to be too early.

The need for several revisions to the Canada-Alberta Crop Insurance Program is evident. Further research is encouraged to test the workability of several options.

The Alberta Hail and Crop Insurance Corporation is encouraged to review this report and to recognize that the north has specific program needs. As the report indicates, the existing program has a number of deficiencies in meeting the needs of northern farmers. Revisions to the program should correct these deficiences to facilitate greater northern participation in the program.

APPENDIX

I References

II Questionnaires Designed For This Study

III Farmer and Industry Participants

IV AHCIC Premium Sheets For Peace River and Red Deer - Ponoka Risk Areas

V Model Farm Analysis Supplementary Tables For A Mixed Farm

VI Tables VIII.22 Through VIII.30, Model Farm Analysis For Red Deer Area

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General

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Date ______________________ Number __________ APPENDIX II

Interviewer ____________________

NADC HAIL AND CROP INSURANCE SURVEY

A. General Background

1. Name ____________________________________ Telephone No. _________
   Farm Location (nearest town) _____________ Years Farming _________

2. What crops (including hay and pasture) did you grow in 1985, and how many acres of each did you have?

Crop	Acreage Owned	Acreage Rented
Wheat	________	________
Barley	________	________
Canola	________	________
Summerfallow	________	________
Other (specify) _______________	________	________
_______________	________	________
Total Acreage	________	________

3. What types of livestock (or beehives) do you produce, and how many head did you have on the average in 1985?

Livestock	Number
Cattle	________
Hogs	________
Other (specify) _______________	________

4. On average over the past five years, what were the sources of your total income?

	Please Indicate Percent of Income
Grains/Oilseeds	_____%
Beef Cattle	_____%
Hogs	_____%
Other (specify) _______________	_____%
Off-Farm Employment	_____%
Total	100 %

Comments: ____

____

5. What was the total income before expenses from your farming operation for each of the past five years (including any crop insurance benefits you may have received)?

1981	$ ________	1984	$ ________
1982	$ ________	1985	$ ________
1983	$ ________		

6. What do you estimate your average cost per acre to be on crops you seeded in 1985? $ ________

B. Hail and Crop Insurance Involvement

1. Did you take out any hail or crop insurance in:

			If "Yes", Total	Type of Program (check)	
	Yes	No	Premium Paid	All Risk	Hail Only
1981?	___	___	$ ________	___	___
1982?	___	___	$ ________	___	___
1983?	___	___	$ ________	___	___
1984?	___	___	$ ________	___	___
1985?	___	___	$ ________	___	___
1986?	___	___	$ ________	___	___

2. If you insure against hail damage only, do you normally insure through the Alberta Hail and Crop Insurance Corporation?

Yes ___ No ___

If not, with who and why? ________________________________

____

3. If you have not taken out hail or crop insurance in the past five years, why not? Please comment: ________________________

____

____

____

4. If you are taking out insurance in 1986, what crops (including beehives) will be insured and what type of policy was selected?

* Examples: All risk at 70% with hail endorsement, hail only, etc.

	Type of Protection	Coverage (please check)	
Crop (list)	(list)*	Regular	Individual
________	____________	___	___
________	____________	___	___
________	____________	___	___
________	____________	___	___

5. If you normally purchase hail or crop insurance, do you insure your total acreage? Yes ___ No ___

If not, what proportion do you insure? _____%

6. If you rent land, do you insure it any differently from land you own? Yes ___ No ___

Please comment: ____

____

7. If you do not plan to take out hail and/or crop insurance in 1986, what are your three main reasons for choosing not to?

a. ____

____

b. ____

____

c. ____

____

C. Hail and Crop Insurance Claims

1. Did you suffer any crop losses in 1985? Yes ___ No ___

2. Compared to the crop yield you expected, what do you estimate the value of this loss to be? $__________

Please comment on cause of loss: ______________________________

____

____

3. If you made a claim in 1985, do you feel the amount of compensation you received was fair? Yes ___ No ___
Why or why not? ____
____

4. If you purchased hail or crop insurance in the past five years, did you file any claims and receive any payments? If yes, in which years and what was the reason for the claim?

	Claim Filed Yes	Claim Filed No	Payment Received	Reason for Claim
1981	___	___	$ ________	____________________
1982	___	___	$ ________	____________________
1983	___	___	$ ________	____________________
1984	___	___	$ ________	____________________
1985	___	___	$ ________	____________________

5. Have you experienced any problems filing claims or collecting your payment? Yes ___ No ___
If "Yes", through which company? ______________________
Please comment: ____
____

D. Perceptions

1. How informed do you feel of the options and terms of the Alberta Hail and Crop Insurance Program?
Fully Informed ____
Moderately Informed ____
Poorly Informed ____
Not Informed ____

2. If you do not feel "Fully Informed" of the options and terms of the Alberta Hail and Crop Insurance Program, what could be done to improve this?
a. ____
b. ____
c. ____

3. With the current program and options available to you, do you think that purchasing all-risk crop insurance through Alberta Hail and Crop Insurance Corporation is a good investment for your farm?
Yes ___ No ___
Why or why not? Please comment: ______________________________
____
____

4. With the current program and options available to you, do you think that purchasing hail insurance through Alberta Hail and Crop Insurance Corporation is a good investment for your farm?
Yes ___ No ___
Why or why not? Please comment: ______________________________
____
____

5. Do you think that the premium rates charged are fair for your area and farming operation? Yes ___ No ___
Why or why not? Please comment: ______________________________
____
____

6. Do you think the current levels of all-risk coverage offered to you are adequate? Yes ___ No ___
Why or why not? Please comment: ______________________________
____

7. Do you think the current levels of hail coverage offered to you are adequate? Yes ___ No ___
Why or why not? Please comment: ______________________________
____

8. Under the present program, should a beginning farmer purchase hail or crop insurance? Yes ___ No ___
Why or why not? Please comment: ______________________________
____

9. Do you think that hail and crop insurance benefits are equitable for all farm sizes? Yes ___ No ___

If not, please rank (1 for those receiving most benefits to 5 for those receiving the least benefits):

0-179 acres _____, 180-399 acres _____, 400-759 acres _____,
760-1,599 acres _____, 1,600 acres and more _____

Please comment: ____

____

10. Do you think the current Alberta Hail and Crop Insurance Program coverage rates and premiums are fair for all parts of Alberta?

Yes ___ No ___

Why or why not? Please comment: _______________________________

____

11. What changes (if any) would you like to see made to the current Alberta Hail and Crop Insurance Program?

a. ____

____

b. ____

____

c. ____

____

12. What three reasons do you see for purchasing hail or crop insurance?

a. ____
b. ____
c. ____

13. What three reasons do you see for not purchasing hail or crop insurance?

a. ____
b. ____
c. ____

14. If a hail or crop insurance program was designed to fully meet your needs, would you be willing to pay higher premiums? Yes ___ No ___
Please comment: ____
____

15. Do you have any additional comments, proposals or ideas for improvements on the hail and crop insurance programs?
____

Please Note

If you were unable to complete Questions B.1 or C.4, please sign this form and we will obtain the information from your insurance company.

Authorization

I authorize Deloitte Haskins & Sells Associates to gain access to any hail or crop insurance records for the purpose of obtaining information on my past premium payments and payouts. I understand that information obtained will be treated as confidential and that my information will only be used after being grouped with other farmers' information in my area.

Signature ______________________________

Farm Location (nearest town) ________________

Crop Insurance Policy Number ________________

16. Listed below are several issues pertaining to hail and crop insurance. We would like to know your opinion on which specific topics need immediate review and improvement. In other words, is review and improvement on the topic absolutely necessary, very necessary, somewhat necessary or not necessary? Please check only one per item.

	Absolutely Necessary	Very Necessary	Somewhat Necessary	Not Necessary
a. The levels of coverage that are currently offered	___	___	___	___
b. The cost of premiums	___	___	___	___
c. Inability to claim for partial or spot losses on a crop	___	___	___	___
d. The types of crops that are insurable in your area	___	___	___	___
e. The differences in coverage and premiums for crops grown on summerfallow and crops grown on stubble	___	___	___	___
f. Premium discounts for insuring larger acreages	___	___	___	___
g. Unfair claiming practices on the part of other producers	___	___	___	___
h. Unfair claim adjustments	___	___	___	___
i. Slow processing of claims	___	___	___	___
j. Reduction in coverage because of two or more years of substantial claims	___	___	___	___
k. Obtaining crop insurance advances on crops that could not be harvested	___	___	___	___
l. Insurance dates and deadlines (premium payment by May 15, seeding dates, etc.)	___	___	___	___
m. The types of perils that can be insured against	___	___	___	___
n. The effects of different crop price options on coverage and premiums	___	___	___	___
o. The effects of soil type on coverage and premiums	___	___	___	___
p. Selecting a policy that meets the requirements of your own financial situation	___	___	___	___
q. The effects of having several good years without a claim on coverage and premiums	___	___	___	___
r. The effects that other farmers in your risk area can have on your basic coverage and premiums	___	___	___	___
s. The Individual Coverage option which establishes coverage on the basis of individual yields rather than area average yields	___	___	___	___

	Absolutely Necessary	Very Necessary	Somewhat Necessary	Not Necessary
t. The forage crop insurance program that is available in some areas of the province	___	___	___	___
u. Coverage for an inability to seed due to excessive moisture	___	___	___	___
v. Coverage for reseeding insured acres	___	___	___	___
w. Coverage for an allowance to dry grain	___	___	___	___
x. The Hail Rider policy of the Basic Crop Insurance Program	___	___	___	___
y. The separate Hail Insurance policy available through Alberta Hail and Crop Insurance Corporation	___	___	___	___
z. Getting more Alberta farmers to participate in the program	___	___	___	___
aa. Allowing claims for a loss in quality or grade, even when there is no loss in yield	___	___	___	___
bb. Current levels of payment for wildlife damage	___	___	___	___
cc. Coverage for losses due to weed infestation	___	___	___	___
dd. Other ___________________________	___	___	___	___
___________________________	___	___	___	___

Date ______________________ Number ________

Interviewer ________________

NADC HAIL AND CROP INSURANCE INDUSTRY SURVEY

A. General Background

1. Interviewee's Name ________________ Telephone No. ____________
   Position ________________________ Years in Position ________
   Location ________________________

2. Do any farmers come to you with concerns or questions about hail or crop insurance? Yes ___ No ___
   Please comment on most frequent question: ____________________
   ____
   ____
   ____
   ____

3. What do you perceive the producers' general attitude toward all-risk (basic) crop insurance to be? Positive ___ Negative ___
   Please comment: ______________________________________
   ____
   ____
   ____

4. What do you perceive the producers' general attitude toward hail insurance to be? Positive ___ Negative ___
   Please comment: ______________________________________
   ____
   ____
   ____

5. How informed do you feel of the options and terms of the Alberta Hail and Crop Insurance Program?
   Fully Informed ____
   Moderately Informed ____
   Poorly Informed ____
   Not Informed ____

6. If you do not feel "Fully Informed" of the options and terms of the Alberta Hail and Crop Insurance Program, what could be done to improve this?

a. ______________________________

b. ______________________________

c. ______________________________

7. With the current program and options available, do you think that purchasing all-risk crop insurance through Alberta Hail and Crop Insurance Corporation is a good investment for a farmer in your area? Yes ___ No ___

Why or why not? Please comment: ______________________________

____

____

8. With the current program and options available, do you think that purchasing hail insurance through Alberta Hail and Crop Insurance Corporation is a good investment for a farmer in your area?

Yes ___ No ___

Why or why not? Please comment: ______________________________

____

____

9. Do you think that the premium rates charged are fair for your area?

Yes ___ No ___

Why or why not? Please comment: ______________________________

____

____

10. Do you think the current levels of all-risk coverage offered in your district are adequate? Yes ___ No ___

Why or why not? Please comment: ______________________________

____

____

11. Does purchasing hail or crop insurance reduce the risk incurred by farmers in your district sufficient to warrant its purchase?
Yes ___ No ___
Why or why not? Please comment: ____________________

12. Who do you feel purchases insurance - farmers from the low ___, medium ___ or high ___ financial risk sector?
Please comment: ____________________

13. Would you consider crop insurance a significant factor in farm viability for farmers in your district? Yes ___ No ___
Why or why not? Please comment: ____________________

14. Do you think the current levels of hail coverage offered in your district are adequate? Yes ___ No ___
Why or why not? Please comment: ____________________

15. Under the present program, would you recommend that a beginning farmer purchase hail or crop insurance? Yes ___ No ___
Why or why not? Please comment: ____________________

16. Do you think that hail and crop insurance benefits are equitable for all farm sizes? Yes ___ No ___
If not, please rank (1 for those receiving most benefits to 5 for those receiving the least benefits):
0-179 acres _____, 180-399 acres _____, 400-759 acres _____,
760-1,599 acres _____, 1,600 acres and more _____
Please comment: ____________________

17. Do you think the current Alberta Hail and Crop Insurance Program coverage rates and premiums are fair for all parts of Alberta?

Yes ___ No ___

Why or why not? Please comment: ______________________________

____

____

18. What changes (if any) would you like to see made to the current Alberta Hail and Crop Insurance Program?

a. ____

____

b. ____

____

c. ____

____

19. What three reasons do you see for a farmer in your district to purchase hail or crop insurance?

a. ____

b. ____

c. ____

20. What three reasons do you see for a farmer in your district not to purchase hail or crop insurance?

a. ____

b. ____

c. ____

21. If a hail or crop insurance program was designed to fully meet the needs of area farmers, do you think they would be willing to pay higher premiums? Yes ___ No ___

Please comment: ____

____

____

22. Do you have any additional comments, proposals or ideas for improvements on the hail and crop insurance programs?

APPENDIX III

FARMER PARTICIPANTS

Thomas and George Adams
Kelvin Airth
Louis Anctil
Victor Begin
Jean Bergeron
F. W. (Bill) Bickell
Nelson Birch
Henri P. Blanchette
Don W. Boire
Jim Boyd
Frank Brochu
Raymond Cameron
Paul Caouette
Leonard Chamzuk
Elmer Chugg
Gerald Clegg
Keith Coney
Ray Cote
C. Ross Daniels
Steve Danylchuk
Hubert Dechant
Peter G. Dechant
Philip Dechant
Rodney Dechant
Luc Desaulniers
Ernest J. Dick
Jeff Dika
Charles Doll
Danny Donscheid
Herb J. Doris
Norman Dreger
Ron Driedger
Donald Dumont
Don Dupilka
Ted Dupilka
Peter Eggers
Peter H. Enns
Herman R. Freh
George Friedel
Edmond Gagne
Lloyd Galbraith
A. S. Gall
Robert Gartly
Robert B. Gerrard
Jack Gibb
Harvey Glasier
Fred L. Gould
Ron Graw
Edgar Groger
Robert Guerin
Lucien Guindon
John Haack
Gerry A. Hachey
Andre Harpe
Richard Harpe
Neal Harris
Peter Heck
G. Hicks
Kenneth Jackson
Cec Jardine
Emile Jean
Robert Johnson
Pete Kiceniuk
Ray M. Kissel
Andrew Klak
Frank Kobbert
Nick Konopelka
Wayne Krekoski
Jean Labbe
Jules Labrecque
Leo Labrecque
Roger Labrecque
John Lakusta
Roland Lapointe
Paul Lemay
Alex Los
Andre Lozeron
Nick Luiken
Joseph H. Luken
W. D. Lunn
William Mahdiuk
Ray Maisonneuve
Ed Marchildon
Ernest Marchildon
Roy Marquadt
Edward May
Bruce McDonald
Tom McGregor
Steve McLaughlin
W. H. McNaughton
Harry Merrifield
Ian Meyer
Milan Mikula
Nick Muzychyn
Joe Nemecz
Jack Newman
Bernhard Niemoeller
Palmer H. Nordhagen
Kelly R. Olson
N. Owens
Gerard Paradis
Jean Paradis

David Pellerin
Charlie Penson
Darrell Peppler
Ed Persely
Tony Peterson
Murray Pikowicz
Fred Pohr
Pete Polukoshko
John Potrebenko
H. H. Redden
Craig Reid
Douglas Reid
Raymond Rey
Emil Rinquette
Allan Roberts
Otto Roessler
Romeo Roy
Keith Rymut
Stan Sabatier
Ray Sauvajeau
Edward Schmidt
Gary and Vern Scorgie
Bruce Scott
Conrad Sellin
Steve Seweryn
Ken Shalka
L. Shalka
Bryan Shields
Leonard Shostak
James Shura
George Skwarik
Orval Sorken
Rene St. Laurent
Bill Stang
Alex Stark
S. P. Tachit
Richard and Ed Tardif
Alexis Tinevez
G. A. Toews
Walley Tollefson
Henry Vos
Cobus Vreeling
Doug Vreeling
Gerald Vreeling
Wayne Whitaker
Blake Wilcox
Fred Witney
Raymond Wood
Melvin Worobetz
Peter Yaremko
Hugh Young
Daryl Zielsdorf

APPENDIX III

INDUSTRY PARTICIPANTS

Ag. Fieldman - Spirit River
B. Alexandre
Roger Andreiuk
David Beckman
Kevin Cymbaluk
Dale Fodness
K. Holder
Terry Holmgren
Lyle Howard
Keith Kessler
R. Klippenstein
Miles Kuryvial
Larry Kvahn
Jim Paul
Nora Paulovich
Val Rasmussen
Jack Ratcliffe
Derek Shantz
Fred Skawronski
Dave Spencer
Al Tovee
Curtis Weeks
Daryl Welk
Don Young

APPENDIX IV

CANADA·ALBERTA
Crop Insurance

1986 COVERAGE AND PREMIUM RATES

RED SPRING WHEAT

RISK AREA 11 PEACE RIVER

INCLUDING COUNTY, M.D. OR I.D.

SMOKY RIVER	
GRANDE PRAIRIE	
SPIRIT RIVER	I D 19
FAIRVIEW	I D 20
PEACE RIVER	I D 21
I D 16	I D 22
I D 17 WEST	I D 23

LOW PRICE OPTION NO. 1	$ .120/KG	$3.27/BUS.
HIGH PRICE OPTION NO. 2	$ .150/KG	$4.08/BUS.

FALLOW - 60% COVERAGE

SOIL	COVERAGE PER ACRE IN:		LOW PRICE OPTION NO. 1			HIGH PRICE OPTION NO. 2		
	KILOGRAMS	BUSHELS	DOLLAR COVERAGE PER ACRE	PREMIUM * TOTAL	PREMIUM * FARMER	DOLLAR COVERAGE PER ACRE	PREMIUM * TOTAL	PREMIUM * FARMER
B	615	22.6	$ 73.80	$10.10	$ 4.45	$ 92.25	$12.60	$ 5.55
C	550	20.2	66.00	10.10	3.95	82.50	12.60	4.95
D	480	17.6	57.60	10.10	3.45	72.00	12.60	4.30
STUBBLE - 60% COVERAGE								
B	495	18.2	$ 59.40	$ 8.10	$ 3.55	$ 74.25	$10.10	$ 4.45
C	440	16.2	52.80	8.10	3.15	66.00	10.10	3.95
D	385	14.1	46.20	8.10	2.75	57.75	10.10	3.45
FALLOW - 70% COVERAGE								
B	720	26.5	$ 86.40	$16.40	$ 6.90	$108.00	$20.40	$ 8.65
C	640	23.5	76.80	16.40	6.15	96.00	20.40	7.70
D	560	20.6	67.20	16.40	5.40	84.00	20.40	6.70
STUBBLE - 70% COVERAGE								
B	575	21.1	$ 69.00	$13.10	$ 5.50	$ 86.25	$16.40	$ 6.90
C	515	18.9	61.80	13.10	4.95	77.25	16.40	6.20
D	450	16.5	54.00	13.10	4.30	67.50	16.40	5.40

CANADA·ALBERTA
Crop Insurance

1986 COVERAGE AND PREMIUM RATES

BARLEY

RISK AREA 11 PEACE RIVER

INCLUDING COUNTY, M.D. OR I.D.

SMOKY RIVER	
GRANDE PRAIRIE	
SPIRIT RIVER	I D 19
FAIRVIEW	I D 20
PEACE RIVER	I D 21
I D 16	I D 22
I D 17 WEST	I D 23

LOW PRICE OPTION NO. 1 $ .090/KG $1.96/BUS.
HIGH PRICE OPTION NO. 2 $ .105/KG $2.29/BUS.

FALLOW - 60% COVERAGE

SOIL	COVERAGE PER ACRE IN:		LOW PRICE OPTION NO. 1			HIGH PRICE OPTION NO. 2		
				PREMIUM *			PREMIUM *	
	KILOGRAMS	BUSHELS	DOLLAR COVERAGE PER ACRE	TOTAL	FARMER	DOLLAR COVERAGE PER ACRE	TOTAL	FARMER
B	625	28.7	$ 56.25	$ 9.60	$ 3.40	$ 65.62	$11.20	$ 3.95
C	555	25.5	49.95	9.60	3.00	58.27	11.20	3.50
D	485	22.3	43.65	9.60	2.60	50.92	11.20	3.05

STUBBLE - 60% COVERAGE

B	500	23.0	$ 45.00	$ 7.70	$ 2.70	$ 52.50	$ 8.90	$ 3.15
C	445	20.4	40.05	7.70	2.40	46.72	8.90	2.80
D	390	17.9	35.10	7.70	2.10	40.95	8.90	2.45

FALLOW - 70% COVERAGE

B	730	33.5	$ 65.70	$15.50	$ 5.25	$ 76.65	$18.10	$ 6.15
C	650	29.9	58.50	15.50	4.70	68.25	18.10	5.45
D	565	26.0	50.85	15.50	4.05	59.32	18.10	4.75

STUBBLE - 70% COVERAGE

B	585	26.9	$ 52.65	$12.40	$ 4.20	$ 61.42	$14.50	$ 4.90
C	520	23.9	46.80	12.40	3.75	54.60	14.50	4.35
D	455	20.9	40.95	12.40	3.30	47.77	14.50	3.80

CANADA·ALBERTA
Crop Insurance

1986 COVERAGE AND PREMIUM RATES

RAPESEED

RISK AREA 11 PEACE RIVER

INCLUDING COUNTY, M.D. OR I.D.

SMOKY RIVER
GRANDE PRAIRIE
SPIRIT RIVER
FAIRVIEW
PEACE RIVER
I D 16
I D 17 WEST
I D 19
I D 20
I D 21
I D 22
I D 23

LOW PRICE OPTION NO. 1 $ .200/KG $4.54/BUS.
HIGH PRICE OPTION NO. 2 $ .280/KG $6.35/BUS.

FALLOW - 60% COVERAGE

SOIL	COVERAGE PER ACRE IN:		LOW PRICE OPTION NO. 1			HIGH PRICE OPTION NO. 2		
			DOLLAR COVERAGE PER ACRE	PREMIUM *		DOLLAR COVERAGE PER ACRE	PREMIUM *	
	KILOGRAMS	BUSHELS		TOTAL	FARMER		TOTAL	FARMER
B	260	11.5	$ 52.00	$11.00	$ 3.10	$ 72.80	$15.30	$ 4.35
C	230	10.1	46.00	11.00	2.75	64.40	15.30	3.85
D	205	9.0	41.00	11.00	2.45	57.40	15.30	3.45

STUBBLE - 60% COVERAGE

B	185	8.2	$ 37.00	$ 7.70	$ 2.20	$ 51.80	$10.70	$ 3.10
C	165	7.3	33.00	7.70	2.00	46.20	10.70	2.75
D	145	6.4	29.00	7.70	1.75	40.60	10.70	2.45

FALLOW - 70% COVERAGE

B	305	13.4	$ 61.00	$17.80	$ 4.90	$ 85.40	$24.90	$ 6.85
C	270	11.9	54.00	17.80	4.30	75.60	24.90	6.05
D	235	10.4	47.00	17.80	3.75	65.80	24.90	5.25

STUBBLE - 70% COVERAGE

B	215	9.5	$ 43.00	$12.40	$ 3.45	$ 60.20	$17.40	$ 4.80
C	190	8.4	38.00	12.40	3.05	53.20	17.40	4.25
D	165	7.3	33.00	12.40	2.65	46.20	17.40	3.70

CANADA·ALBERTA
Crop Insurance

1986 COVERAGE AND PREMIUM RATES

RED SPRING WHEAT

RISK AREA 06 RED DEER - PONOKA

INCLUDING COUNTY, M.D. OR I.D.

RED DEER
LACOMBE
PONOKA
CLEARWATER

LOW PRICE OPTION NO. 1	$ .120/KG	$3.27/BUS.
HIGH PRICE OPTION NO. 2	$ .150/KG	$4.08/BUS.

FALLOW - 60% COVERAGE

SOIL	COVERAGE PER ACRE IN:		LOW PRICE OPTION NO. 1			HIGH PRICE OPTION NO. 2		
	KILOGRAMS	BUSHELS	DOLLAR COVERAGE PER ACRE	PREMIUM *		DOLLAR COVERAGE PER ACRE	PREMIUM *	
				TOTAL	FARMER		TOTAL	FARMER
A	830	30.5	$ 99.60	$ 6.00	$ 3.00	$124.50	$ 7.50	$ 3.75
B	745	27.4	89.40	6.00	3.00	111.75	7.50	3.75
C	665	24.4	79.80	6.00	3.00	99.75	7.50	3.75
D	580	21.3	69.60	6.00	3.00	87.00	7.50	3.75
E	495	18.2	59.40	6.00	3.00	74.25	7.50	3.75

STUBBLE - 60% COVERAGE

A	665	24.4	$ 79.80	$ 4.80	$ 2.40	$ 99.75	$ 6.00	$ 3.00
B	600	22.0	72.00	4.80	2.40	90.00	6.00	3.00
C	530	19.5	63.60	4.80	2.40	79.50	6.00	3.00
D	465	17.1	55.80	4.80	2.40	69.75	6.00	3.00
E	400	14.7	48.00	4.80	2.40	60.00	6.00	3.00

FALLOW - 70% COVERAGE

A	970	35.6	$116.40	$ 9.70	$ 4.85	$145.50	$12.10	$ 6.05
B	870	32.0	104.40	9.70	4.85	130.50	12.10	6.05
C	775	28.5	93.00	9.70	4.85	116.25	12.10	6.05
D	675	24.8	81.00	9.70	4.85	101.25	12.10	6.05
E	580	21.3	69.60	9.70	4.85	87.00	12.10	6.05

STUBBLE - 70% COVERAGE

A	775	28.5	$ 93.00	$ 7.70	$ 3.85	$116.25	$ 9.70	$ 4.85
B	700	25.7	84.00	7.70	3.85	105.00	9.70	4.85
C	620	22.8	74.40	7.70	3.85	93.00	9.70	4.85
D	545	20.0	65.40	7.70	3.85	81.75	9.70	4.85
E	465	17.1	55.80	7.70	3.85	69.75	9.70	4.85

CANADA·ALBERTA
Crop Insurance

1986 COVERAGE AND PREMIUM RATES

BARLEY

RISK AREA 06 RED DEER - PONOKA

INCLUDING COUNTY, M.D. OR I.D.

RED DEER
LACOMBE
PONOKA
CLEARWATER

LOW PRICE OPTION NO. 1 $ .090/KG $1.96/BUS.
HIGH PRICE OPTION NO. 2 $ .105/KG $2.29/BUS.

FALLOW - 60% COVERAGE

SOIL	COVERAGE PER ACRE IN:		LOW PRICE OPTION NO. 1			HIGH PRICE OPTION NO. 2		
	KILOGRAMS	BUSHELS	DOLLAR COVERAGE PER ACRE	PREMIUM *		DOLLAR COVERAGE PER ACRE	PREMIUM *	
				TOTAL	FARMER		TOTAL	FARMER
A	900	41.3	$ 81.00	$ 4.90	$ 2.45	$ 94.50	$ 5.70	$ 2.85
B	810	37.2	72.90	4.90	2.45	85.05	5.70	2.85
C	720	33.1	64.80	4.90	2.45	75.60	5.70	2.85
D	630	28.9	56.70	4.90	2.45	66.15	5.70	2.85
E	540	24.8	48.60	4.90	2.45	56.70	5.70	2.85

STUBBLE - 60% COVERAGE

A	765	35.1	$ 68.85	$ 4.20	$ 2.10	$ 80.32	$ 4.90	$ 2.45
B	690	31.7	62.10	4.20	2.10	72.45	4.90	2.45
C	615	28.2	55.35	4.20	2.10	64.57	4.90	2.45
D	535	24.6	48.15	4.20	2.10	56.17	4.90	2.45
E	460	21.1	41.40	4.20	2.10	48.30	4.90	2.45

FALLOW - 70% COVERAGE

A	1050	48.2	$ 94.50	$ 8.00	$ 4.00	$110.25	$ 9.30	$ 4.65
B	945	43.4	85.05	8.00	4.00	99.22	9.30	4.65
C	840	38.6	75.60	8.00	4.00	88.20	9.30	4.65
D	735	33.8	66.15	8.00	4.00	77.17	9.30	4.65
E	630	28.9	56.70	8.00	4.00	66.15	9.30	4.65

STUBBLE - 70% COVERAGE

A	895	41.1	$ 80.55	$ 6.80	$ 3.40	$ 93.97	$ 7.90	$ 3.95
B	805	37.0	72.45	6.80	3.40	84.52	7.90	3.95
C	715	32.8	64.35	6.80	3.40	75.07	7.90	3.95
D	625	28.7	56.25	6.80	3.40	65.62	7.90	3.95
E	535	24.6	48.15	6.80	3.40	56.17	7.90	3.95

CANADA·ALBERTA
Crop Insurance

1986 COVERAGE AND PREMIUM RATES

RAPESEED

RISK AREA 06 RED DEER - PONOKA

INCLUDING COUNTY, M.D. OR I.D.

RED DEER
LACOMBE
PONOKA
CLEARWATER

LOW PRICE OPTION NO. 1 $ .200/KG $4.54/BUS.
HIGH PRICE OPTION NO. 2 $ .280/KG $6.35/BUS.

FALLOW - 60% COVERAGE

SOIL	COVERAGE PER ACRE IN:		LOW PRICE OPTION NO. 1			HIGH PRICE OPTION NO. 2		
	KILOGRAMS	BUSHELS	DOLLAR COVERAGE PER ACRE	PREMIUM *		DOLLAR COVERAGE PER ACRE	PREMIUM *	
				TOTAL	FARMER		TOTAL	FARMER
A	430	19.0	$ 86.00	$ 5.70	$ 2.85	$120.40	$ 8.00	$ 4.00
B	385	17.0	77.00	5.70	2.85	107.80	8.00	4.00
C	345	15.2	69.00	5.70	2.85	96.60	8.00	4.00
D	300	13.2	60.00	5.70	2.85	84.00	8.00	4.00
E	255	11.2	51.00	5.70	2.85	71.40	8.00	4.00

STUBBLE - 60% COVERAGE

A	365	16.1	$ 73.00	$ 4.90	$ 2.45	$102.20	$ 6.80	$ 3.40
B	330	14.6	66.00	4.90	2.45	92.40	6.80	3.40
C	295	13.0	59.00	4.90	2.45	82.60	6.80	3.40
D	255	11.2	51.00	4.90	2.45	71.40	6.80	3.40
E	220	9.7	44.00	4.90	2.45	61.60	6.80	3.40

FALLOW - 70% COVERAGE

A	500	22.0	$100.00	$ 9.30	$ 4.65	$140.00	$13.00	$ 6.50
B	450	19.8	90.00	9.30	4.65	126.00	13.00	6.50
C	400	17.6	80.00	9.30	4.65	112.00	13.00	6.50
D	350	15.4	70.00	9.30	4.65	98.00	13.00	6.50
E	300	13.2	60.00	9.30	4.65	84.00	13.00	6.50

STUBBLE - 70% COVERAGE

A	430	19.0	$ 86.00	$ 7.90	$ 3.95	$120.40	$11.10	$ 5.55
B	385	17.0	77.00	7.90	3.95	107.80	11.10	5.55
C	345	15.2	69.00	7.90	3.95	96.60	11.10	5.55
D	300	13.2	60.00	7.90	3.95	84.00	11.10	5.55
E	255	11.2	51.00	7.90	3.95	71.40	11.10	5.55

APPENDIX V

SUMMARY OF COSTS AND RETURNS

(800-ACRE MIXED-FARM IN NADC REGION)

(Average Year)

	CROP	WHEAT (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW	HAY/PAST.
800 ACRE FARM	ACREAGE	110	125	85	80	400
	BU/AC	30	40	20	0	-
	$/BU	$4.75	$2.50	$7.00	$0.00	-
	$/ACRE	$142.50	$100.00	$140.00	$0.00	-
CASH COSTS:						
DIRECT		$75.00	$75.00	$75.00	$12.00	-
CROP INSURANCE*		$4.10	$3.00	$3.83	$0.00	-
TOTAL CASH COSTS/ACRE		$79.10	$78.00	$78.83	$12.00	-
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00	-
NET REVENUE BEFORE TAXES, INTEREST, DEPREC., ETC.		$63.40	$22.00	$61.17	($12.00)	-
NET REVENUE+CROP INS./AC.		$63.40	$22.00	$61.17	($12.00)	-
NET REVENUE/CROP		$6,974	$2,750	$5,199	($960)	$15,115
NET REVENUE FROM CROP ENTERPRISE (WITH CROP INSURANCE)				$13,963		
NET REVENUE FROM CROP ENTERPRISE (WITHOUT CROP INSURANCE)					$15,115	
NET REVENUE FROM LIVESTOCK ENTERPRISE				$15,115	$15,115	
NET REVENUE FOR OPERATION (WITH CROP INSURANCE)				$29,078		
NET REVENUE FOR OPERATION (WITHOUT CROP INSURANCE)					$30,230	

*1986 Rates and Coverage for Risk Area 11: High-Low Price Average, 60-70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

SUMMARY OF COSTS AND RETURNS

(800-ACRE MIXED-FARM IN NADC REGION)

(25% Below Average Year)

	CROP	WHEAT (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW	HAY/PAST.
800 ACRE FARM	ACREAGE	110	125	85	80	400
	BU/AC	22.5	30	15	0	-
	$/BU	$4.75	$2.50	$7.00	$0.00	-
	$/ACRE	$106.88	$75.00	$105.00	$0.00	-
CASH COSTS:						
DIRECT		$75.00	$75.00	$75.00	$12.00	-
CROP INSURANCE*		$2.84	$2.16	$2.49	$0.00	-
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00	-
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00	-
NET REVENUE BEFORE TAXES, INTEREST, DEPREC., ETC.		$29.04	($2.16)	$27.51	($12.00)	-
NET REVENUE+CROP INS./AC.		$29.04	($2.16)	$27.51	($12.00)	-
NET REVENUE/CROP		$3,194	($270)	$2,338	($960)	$15,115
NET REVENUE FROM CROP ENTERPRISE (WITH CROP INSURANCE)				$4,302		
NET REVENUE FROM CROP ENTERPRISE (WITHOUT CROP INSURANCE)					$5,096	
NET REVENUE FROM LIVESTOCK ENTERPRISE				$15,115	$15,115	
NET REVENUE FOR OPERATION (WITH CROP INSURANCE)				$19,417		
NET REVENUE FOR OPERATION (WITHOUT CROP INSURANCE)					$20,211	

*1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

SUMMARY OF COSTS AND RETURNS

(800-ACRE MIXED-FARM IN NADC REGION)

(25% Below Average Year)

	CROP	WHEAT (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW	HAY/PAST.
800 ACRE FARM	ACREAGE	110	125	85	80	400
	BU/AC	22.5	30	15	0	-
	$/BU	$4.75	$2.50	$7.00	$0.00	-
	$/ACRE	$106.88	$75.00	$105.00	$0.00	-
CASH COSTS:						
DIRECT		$75.00	$75.00	$75.00	$12.00	-
CROP INSURANCE*		$5.55	$3.92	$5.45	$0.00	-
TOTAL CASH COSTS/ACRE		$80.55	$78.92	$80.45	$12.00	-
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00	-
NET REVENUE BEFORE TAXES, INTEREST, DEPREC., ETC.		$26.33	($3.92)	$24.55	($12.00)	-
NET REVENUE+CROP INS./AC.		$26.33	($3.92)	$24.55	($12.00)	-
NET REVENUE/CROP		$2,896	($490)	$2,087	($960)	$15,115
NET REVENUE FROM CROP ENTERPRISE (WITH CROP INSURANCE)				$3,533		
NET REVENUE FROM CROP ENTERPRISE (WITHOUT CROP INSURANCE)					$5,096	
NET REVENUE FROM LIVESTOCK ENTERPRISE				$15,115	$15,115	
NET REVENUE FOR OPERATION (WITH CROP INSURANCE)				$18,648		
NET REVENUE FOR OPERATION (WITHOUT CROP INSURANCE)					$20,211	

*1986 Rates and Coverage for Risk Area 11: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

SUMMARY OF COSTS AND RETURNS

(800-ACRE MIXED-FARM IN NADC REGION)

(Margin Year)

	CROP	WHEAT (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW	HAY/PAST.
800 ACRE FARM	ACREAGE	110	125	85	80	400
	BU/AC	16.5	21	10.5	0	-
	$/BU	$4.75	$2.50	$7.00	$0.00	-
	$/ACRE	$78.38	$52.50	$73.50	$0.00	-
CASH COSTS:						
DIRECT		$75.00	$75.00	$75.00	$12.00	-
CROP INSURANCE*		$2.84	$2.16	$2.49	$0.00	-
TOTAL CASH COSTS/ACRE		$77.84	$77.16	$77.49	$12.00	-
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00	-
NET REVENUE BEFORE TAXES, INTEREST, DEPREC., ETC.		$0.53	($24.66)	($3.99)	($12.00)	-
NET REVENUE+CROP INS./AC.		$0.53	($24.66)	($3.99)	($12.00)	-
NET REVENUE/CROP		$59	($3,083)	($339)	($960)	$15,115
NET REVENUE FROM CROP ENTERPRISE (WITH CROP INSURANCE)				($4,323)		
NET REVENUE FROM CROP ENTERPRISE (WITHOUT CROP INSURANCE)					($3,529)	
NET REVENUE FROM LIVESTOCK ENTERPRISE				$15,115	$15,115	
NET REVENUE FOR OPERATION (WITH CROP INSURANCE)				$10,792		
NET REVENUE FOR OPERATION (WITHOUT CROP INSURANCE)					$11,586	

*1986 Rates and Coverage for Risk Area 11: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

SUMMARY OF COSTS AND RETURNS

(800-ACRE MIXED-FARM IN NADC REGION)

(Margin Year)

	CROP	WHEAT (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW	HAY/PAST.
800 ACRE FARM	ACREAGE	110	125	85	80	400
	BU/AC	19	24	12	0	-
	$/BU	$4.75	$2.50	$7.00	$0.00	-
	$/ACRE	$90.25	$60.00	$84.00	$0.00	-
CASH COSTS:	DIRECT	$75.00	$75.00	$75.00	$12.00	-
	CROP INSURANCE*	$5.55	$3.92	$5.45	$0.00	-
TOTAL CASH COSTS/ACRE		$80.55	$78.92	$80.45	$12.00	-
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00	-
NET REVENUE BEFORE TAXES, INTEREST, DEPREC., ETC.		$9.70	($18.92)	$3.55	($12.00)	-
NET REVENUE+CROP INS./AC.		$9.70	($18.92)	$3.55	($12.00)	-
NET REVENUE/CROP		$1,067	($2,365)	$302	($960)	$15,115
NET REVENUE FROM CROP ENTERPRISE (WITH CROP INSURANCE)				($1,956)		
NET REVENUE FROM CROP ENTERPRISE (WITHOUT CROP INSURANCE)					($393)	
NET REVENUE FROM LIVESTOCK ENTERPRISE				$15,115	$15,115	
NET REVENUE FOR OPERATION (WITH CROP INSURANCE)				$13,159		
NET REVENUE FOR OPERATION (WITHOUT CROP INSURANCE)					$14,723	

*1986 Rates and Coverage for Risk Area 11: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.22. CASE XIII: AVERAGE YEAR

(800-ACRE FARM IN RED DEER REGION)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	40	53	23	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$190.00	$132.50	$161.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$3.18	$2.68	$4.05	$0.00
TOTAL CASH COSTS/ACRE		$78.18	$77.68	$79.05	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$111.82	$54.82	$81.95	($12.00)
NET INCOME+CROP INS./AC.		$111.82	$54.82	$81.95	($12.00)
NET REVENUE/CROP		$24,601	$13,705	$13,932	($1,920)
FARM NET INCOME WITH C.I.			$50,317		
FARM NET INCOME WITHOUT C.I.			$52,375		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: High-Low Price Average, 60-70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.23. CASE XIV: 25% BELOW AVERAGE YEAR

(LOW PRICE, LOW COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	30	40	17	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$142.50	$100.00	$119.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.16	$1.89	$2.57	$0.00
TOTAL CASH COSTS/ACRE		$77.16	$76.89	$77.57	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$65.34	$23.11	$41.44	($12.00)
NET INCOME+CROP INS./AC.		$65.34	$23.11	$41.44	($12.00)
NET REVENUE/CROP		$14,375	$5,778	$7,044	($1,920)
FARM NET INCOME WITH C.I.			$25,276		
FARM NET INCOME WITHOUT C.I.			$26,660		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.24. CASE XV: 25% BELOW AVERAGE YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	30	40	17	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$142.50	$100.00	$119.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$4.37	$3.56	$5.85	$0.00
TOTAL CASH COSTS/ACRE		$79.37	$78.56	$80.85	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$3.81	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$63.14	$21.44	$38.15	($12.00)
NET INCOME+CROP INS./AC.		$63.14	$21.44	$41.96	($12.00)
NET REVENUE/CROP		$13,890	$5,361	$7,133	($1,920)
FARM NET INCOME WITH C.I.			$24,464		
FARM NET INCOME WITHOUT C.I.			$26,660		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.25. CASE XVI: MARGIN YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	23	33	18	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$109.25	$82.50	$126.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$4.37	$3.56	$5.85	$0.00
TOTAL CASH COSTS/ACRE		$79.37	$78.56	$80.85	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$29.89	$3.94	$45.15	($12.00)
NET INCOME+CROP INS./AC.		$29.89	$3.94	$45.15	($12.00)
NET REVENUE/CROP		$6,575	$986	$7,676	($1,920)
FARM NET INCOME WITH C.I.			$13,316		
FARM NET INCOME WITHOUT C.I.			$16,160		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.26. CASE XVII: MARGIN YEAR

(LOW PRICE, LOW COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	20	29	16	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$95.00	$72.50	$112.00	$0.00
CASH COSTS PER ACRE:					
	DIRECT	$75.00	$75.00	$75.00	$12.00
	CROP INSURANCE**	$2.16	$1.89	$2.57	$0.00
TOTAL CASH COSTS/ACRE		$77.16	$76.89	$77.57	$12.00
CROP INSURANCE CLAIMS		$0.00	$0.00	$0.00	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		$17.84	($4.39)	$34.44	($12.00)
NET INCOME+CROP INS./AC.		$17.84	($4.39)	$34.44	($12.00)
NET REVENUE/CROP		$3,925	($1,098)	$5,854	($1,920)
FARM NET INCOME WITH C.I.			$6,761		
FARM NET INCOME WITHOUT C.I.			$8,145		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.27. CASE XVIII: 70% BELOW AVERAGE YEAR

(LOW PRICE, LOW COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	12	16	7	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$57.00	$40.00	$49.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.16	$1.89	$2.57	$0.00
TOTAL CASH COSTS/ACRE		$77.16	$76.89	$77.57	$12.00
CROP INSURANCE CLAIMS		$24.53	$23.91	$37.23	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($20.16)	($36.89)	($28.57)	($12.00)
NET INCOME+CROP INS./AC.		$4.37	($12.98)	$8.66	($12.00)
NET REVENUE/CROP		$960	($3,245)	$1,473	($1,920)
FARM NET INCOME WITH C.I.			($2,731)		
FARM NET INCOME WITHOUT C.I.			($19,050)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.28. CASE XIX: 70% BELOW AVERAGE YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	12	16	7	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$57.00	$40.00	$49.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$4.37	$3.56	$5.85	$0.00
TOTAL CASH COSTS/ACRE		$79.37	$78.56	$80.85	$12.00
CROP INSURANCE CLAIMS		$44.06	$38.47	$67.31	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($22.36)	($38.56)	($31.85)	($12.00)
NET INCOME+CROP INS./AC.		$21.70	($0.09)	$35.46	($12.00)
NET REVENUE/CROP		$4,774	($21)	$6,028	($1,920)
FARM NET INCOME WITH C.I.			$8,861		
FARM NET INCOME WITHOUT C.I.			($19,050)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.29. CASE XX: ZERO-YIELD YEAR

(LOW PRICE, LOW COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	0	0	0	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$0.00	$0.00	$0.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$2.16	$1.89	$2.57	$0.00
TOTAL CASH COSTS/ACRE		$77.16	$76.89	$77.57	$12.00
CROP INSURANCE CLAIMS		$63.77	$55.27	$69.01	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($77.16)	($76.89)	($77.57)	($12.00)
NET INCOME+CROP INS./AC.		($13.39)	($21.62)	($8.56)	($12.00)
NET REVENUE/CROP		($2,947)	($5,405)	($1,456)	($1,920)
FARM NET INCOME WITH C.I.			($11,727)		
FARM NET INCOME WITHOUT C.I.			($49,920)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: Low Price Average, 60% Coverage Average, B-C-D Soil Average, 10% Size Discount.

TABLE VIII.30. CASE XXI: ZERO-YIELD YEAR

(HIGH PRICE, HIGH COVERAGE OPTIONS; RED DEER)

		WHEAT* (ST)	BARLEY (ST)	CANOLA (SF)	S'FALLOW
	ACREAGE	220	250	170	160
ASSUMPTIONS:	BU/AC	0	0	0	0
	$/BU	$4.75	$2.50	$7.00	$0.00
	$/ACRE	$0.00	$0.00	$0.00	$0.00
CASH COSTS PER ACRE:					
DIRECT		$75.00	$75.00	$75.00	$12.00
CROP INSURANCE**		$4.37	$3.56	$5.85	$0.00
TOTAL CASH COSTS/ACRE		$79.37	$78.56	$80.85	$12.00
CROP INSURANCE CLAIMS		$93.02	$75.11	$111.76	$0.00
NET INCOME BEFORE TAXES, INTEREST, DEPREC., ETC.		($79.37)	($78.56)	($80.85)	($12.00)
NET INCOME+CROP INS./AC.		$13.66	($3.44)	$30.91	($12.00)
NET REVENUE/CROP		$3,005	($861)	$5,255	($1,920)
FARM NET INCOME WITH C.I.			$5,479		
FARM NET INCOME WITHOUT C.I.			($49,920)		

SOURCES: ALBERTA AGRICULTURE, ALTA. HAIL AND CROP INS. CORP.

NOTES

* ST = STUBBLE, SF = SUMMERFALLOW

** 1986 Rates and Coverage for Risk Area 6: High Price Average, 70% Coverage Average, B-C-D Soil Average, 10% Size Discount.